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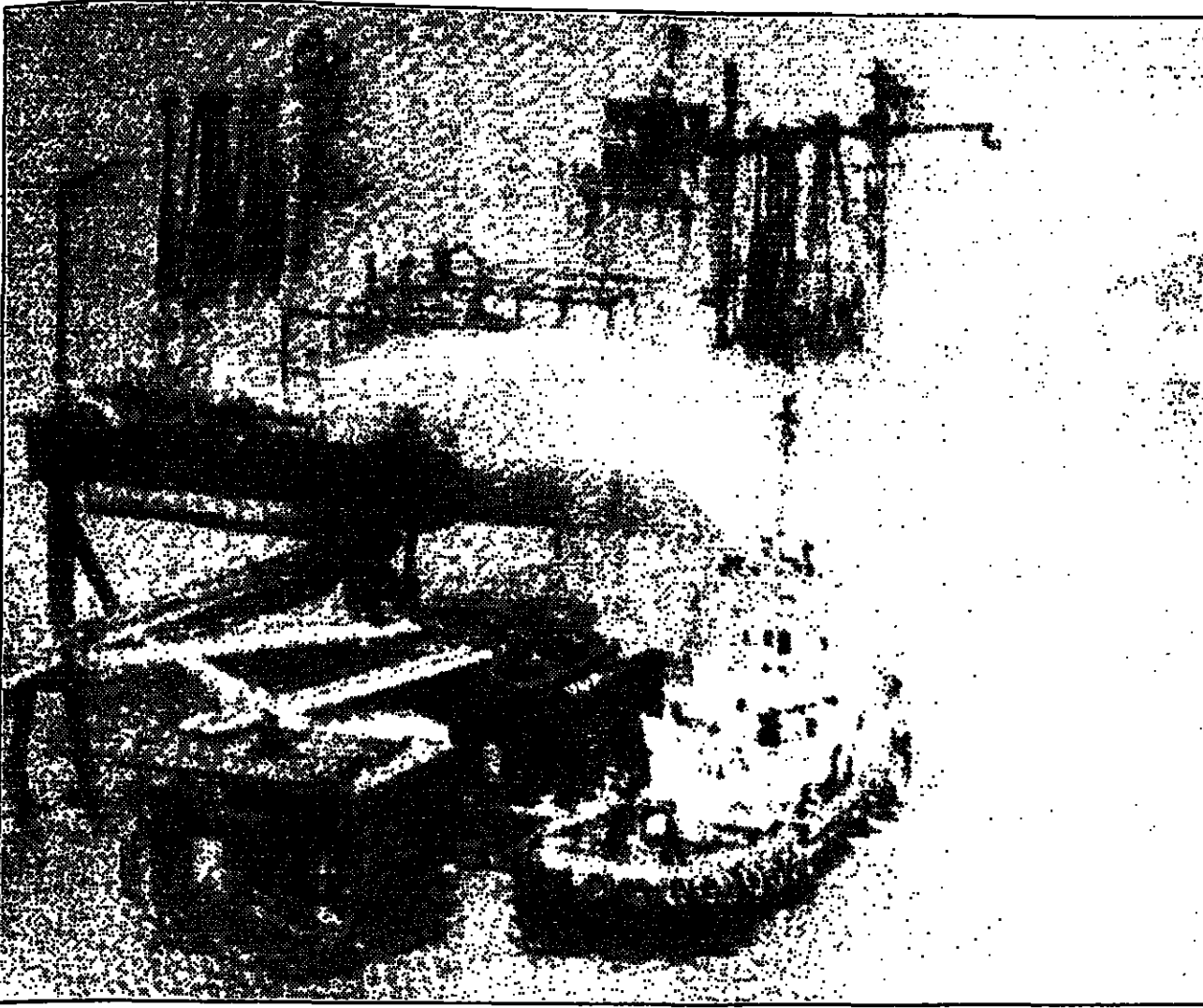
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ESTABLISHED 1887



A Kuwaiti oil-loading platform burning Thursday in the Gulf after being struck by an Iranian Silkworm missile.

Iranian Missile Hits Kuwaiti Oil Terminal

By Patrick E. Tyler
Washington Post Service
SEA ISLAND TERMINAL, Kuwait — An Iranian Silkworm missile hit this offshore oil-loading platform Thursday, setting tanks ablaze, injuring three workers and thrusting the Arab states closer to a confrontation with Iran.

The Kuwaiti defense minister, Sheikh Salem al-Sabah, said the Silkworm had been fired from Iranian-held territory near the former Iraqi port on the Faw Peninsula, and a Defense Ministry spokesman denounced the attack as "another aggression against Kuwait."

It was unclear what structural damage had been done to the terminal. No oil tankers were loading when the missile struck. The immediate damage to the offshore facility, which normally handles one-third of Kuwait's oil output and can handle up to 80 percent, appeared less serious than the long-term threat Iran has demonstrated with three Silkworm

strikes on targets in Kuwaiti waters in a single week. Kuwaiti defense forces on Faylakah Island, north of the platform, reported seeing the missile streak overhead, but Sheikh Salem did not say whether they had tried to shoot it down with missiles, as defense forces tried to do last week to the two previous Silkworms. Western officials said earlier this week that Kuwait was redeploying its American-made Hawk missiles to Faylakah in the hope of marshaling an effective air defense against incoming Silkworms. The Kuwaiti Foreign Ministry summoned the Iranian chargé d'affaires to lodge a "strong denunciation" of the attack.

Dow Falls Sharply Again; NYSE to Limit Trading

Compiled by Our Staff From Dispatches
NEW YORK — The Dow Jones industrial average of U.S. share prices slid 77.42 points on Thursday, ending a fragile two-day rally. Trading was extremely volatile and was driven by rumors that the index would soon plunge to as low as 1,300.

Meanwhile, the New York Stock Exchange said after the market closed that because of the heavy trading accompanying the recent market turmoil, it will close two hours early on Friday, Monday and Tuesday. The NYSE also imposed new restrictions on computerized program trading, and extended curbs introduced on Tuesday.

Prices bounced back and forth around the world generally declined as investors sold into the higher prices generated by Wednesday's advances. Thursday's plunge was attributed to reports that Robert R. Prechter, a widely followed analyst, had predicted that the Dow would fall further before rebounding. Rising hostilities in the Gulf, where a missile hit a Kuwait oil installation, also depressed prices.

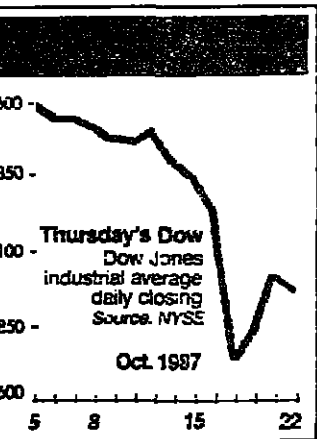
Mr. Prechter was reported to have told subscribers to a phone-in service that the Dow would fall to around 1,300 levels not seen since mid-1985. Mr. Prechter later said in an interview that traders appear to be inventing rumors, perhaps in an attempt to influence the market in the direction they wish.

Prices Change but the Angst Is Constant

By John Meehan
International Herald Tribune
NEW YORK — It was a common joke on trading desks as the stock market slid into turmoil on Monday that the only thing up on Wall Street was anxiety. Since then, prices have changed dramatically; the level of apprehension has not.

With experts disagreeing about whether to characterize Monday's debacle on the stock market as a crash or a correction, it is not surprising that confusion abounds. Investors and traders alike are still not sure what to expect from minute to minute, let alone from opening to close. Adding to their woes is the heavy volume that makes the timely execution of trades more difficult.

Nowadays, the favorite pastime is staring at the computer terminals that are as ubiquitous on Wall Street as yellow ties and suspenders. Almost no one leaves the desk for fear that the market's fortunes



Kiosk Shuttle Flights Set by NASA

WASHINGTON (AP) — NASA said Thursday that it plans 19 space shuttle flights in the next three years and announced a schedule of 49 satellite launches on unmanned rockets, indicating how thoroughly the agency has ceased its total reliance on the shuttle.



Nancy Reagan, escorted by the president, returning Thursday to the White House. Page 3.

Brodsky Wins Nobel Literature Prize

By Howell Raines
New York Times Service
STOCKHOLM — Joseph Brodsky, an exiled Soviet-born poet who writes in Russian and English, won the Nobel Prize for Literature on Thursday.

The Swedish Academy, in its formal announcement, cited both Mr. Brodsky's essays and poetry "for an all-embracing authorship, imbued with clarity of thought and poetic intensity." The academy also paid tribute to Mr. Brodsky's commitment to his art, noting that as a young underground poet in Leningrad he was imprisoned in an Arctic work camp for "parasitism" and forced to

leave the Soviet Union in 1972. He now lives in New York. "I'm sort of doubly proud as a Russian and as an American," Mr. Brodsky said after learning of the award while hunching in London with John Le Carré, the British novelist.



Joseph Brodsky in London on Thursday, after he had won the 1987 Nobel Prize for Literature.

Stock Rebound Falters Worldwide

The recovery on world stock markets that followed Monday's debacle faltered on Thursday, as investors pulled back after early rallies on the major exchanges.

In Tokyo and Sydney, the largest markets in Asia, buying strength gave out in the afternoon and prices turned lower. Trading in Europe suffered similar reversals, with a sharp suffering the worst convulsions.

On the London Stock Exchange, price swings were violent and unpredictable. The key Financial Times stock index of 100 major shares finished down by 110.6 points. Heavy selling began when U.S. shares opened lower.

In Paris, share prices fell in late trading in response to a lower Wall Street, wiping out early gains, dealers said. In Frankfurt, prices ended an active session with big losses. The Commerzbank index plunged 72.50 points, or 4.0 percent, to finish at 1,707.50.

In Tokyo, the Nikkei stock average of 225 issues on the Tokyo Stock Exchange fell back in shaky afternoon trading to finish 457.05 yen higher at 24,404.45 yen. The index had been ahead as much as 1,025 yen in the morning.

In Sydney, Taiwan and Malaysia, nervous selling slashed early gains. Articles, Page 11

Traders on the Tokyo Stock Exchange jostling Thursday to complete their transactions. The market opened strong but then lost some of its early advances to profit-taking.

Traders on the Tokyo Stock Exchange jostling Thursday to complete their transactions. The market opened strong but then lost some of its early advances to profit-taking.

Wider Tool Flow to Soviets Alleged

By Joseph Fitchett
International Herald Tribune
PARIS — Norwegian police accused industrial companies in four West European nations and Japan on Thursday of conspiring with Norway's state-owned arms-maker, Kongsberg Vapensfabrikk, to smuggle computer-controlled machine tools to the Soviet Union and China.

Kongsberg provided 76 sets of banned software and numerical controls to the Soviet Union, the report said. These computer facilities amounted, in an investigator's words, to "the brains" of all the machine tools supplied to Communist customers.

Queried about the allegations, several European companies confirmed selling tools to the Soviet Union, but they refused to comment further. One company denied any wrongdoing, saying that its equipment could have been upgraded by Kongsberg's sophisticated controls.

The main findings of the 31-page report, made available by the Norwegian Embassy in Paris, cited suspicions that machine tool builders in France, West Germany, Italy and Japan have "largely violated"

Reaganomics: A Turning Point

Market Crash Gives Skeptics Some Tangible Evidence
By Robert Pear
New York Times Service
WASHINGTON — The stock market collapse has given many economists who have been critical of Reagan administration economic policies the prominent, tangible evidence they have sought to make their case more strongly.

President Ronald Reagan could plausibly assert that his market-oriented policies had brought the nation nearly five years of sustained economic growth, created more than 13 million jobs and raised family incomes while slashing inflation. The administration could dismiss skeptics — those who pointed to record budget and trade deficits as evidence of something amiss in the economy — as doom-sayers.

After Monday, that is no longer the case, these economists say. "The economy under Reagan will never look as good as it did" before the debacle on Monday, said Lester C. Thurow, dean of the Sloan School of Management at the Massachusetts Institute of Technology. He has been a frequent critic of the president's policies.

As a result, Mr. Thurow said, "it will now be easier for people with alternative economic ideas to get a hearing." Even Mr. Reagan's staunchest supporters concede that this week marked a turning point.

Dow close: DOWN 77.42
The dollar in New York:
DM \$ 1.647 144.95 FF 181.75

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For London's Poor, Bed-and-Breakfast Hotel Rooms

By Francis X. Clines
New York Times Service
LONDON — "Sitting in that tiny room, listening to my sister raving, I may as well be back in a prison cell," said Patricia Stafford, a former drug addict and robber.

She is trying to get back on her feet in the confines of the oddest imaginable down-and-out shelter: a narrow bed-and-breakfast hotel room with the gleam of Victoriana on the outside and gloom within.

The housing of the poor in seemingly quaint bread-and-breakfast rooms — a tucking away of desperation amid the faded antimacassars of an earlier age — is the fastest growing and most expensive new welfare development in Britain.

In the last 15 months, the practice has skyrocketed, with 8,000 London hotel rooms now taken up by the poor and 10 more rooms a day going on the welfare rolls as B and B, as the bread-and-breakfast formula is known.

Privatization and gentrification are shrinking the available housing for the London poor at such an alarming rate that hard-pressed local governments have had to use B and B as the shelter of last resort.

With the Conservative government of Prime Minister Margaret Thatcher sharply reducing the capital funds available for localities to build new public housing for the poor and encouraging the open-market sale of existing units, the borough governments are reeling.

They complain they are forced to use local taxes to cover the rising cost of temporary welfare shelter, with the London B-and-B budget growing tenfold in five years, to more than \$160 million.

The poor, in turn, complain that local budgets are issuing harsh budget-cutting standards that need to be moved out of traditional neighborhoods. Rents typically running at



A mother and child in a bed-and-breakfast room, one of many being used by the London authorities to house the poor.

more than \$350 a week for Patricia Stafford and her sister, Anne, in a single room with no bath are a lucrative attraction for landlords who have begun renovating additional B-and-B rooms for the poor.

"I'd go mad myself if I didn't have this place to come to," Miss Stafford said of the Field Lane Center, one of the private charities that have begun special programs for the B-and-B residents.

In the busiest B-and-B welfare ground, Baywater near Paddington Station, one young mother waiting 29 months in a B and B for a permanent welfare apartment of her own said she regularly visited a friend's home so her

boy son "could have the room to learn to crawl properly."

In the borough of Camden, where there are long lists of poor waiting for permanent apartments, the council is fighting bankruptcy as it faces a B-and-B budget that has doubled in a year to £20.5 million (\$34 million).

Long a refuge for immigrants, Camden has reacted by tightening its welfare housing standards, with families finally reaching the top of the apartment waiting list and being shown a single flat on a take-it-or-leave-it basis with no second or third option as in the past.

At the same time, newcomers to Camden's traditional Irish neighborhoods complain they are receiving notice to head home for Irish welfare.

Homelessness and street squatting are on the rise, according to a project worker, Helen Crane, as the construction of housing for the London poor has fallen from an average of more than 20,000 units a year in the 1970s to little more than 1,000 lately because as the national government has cut local capital borrowing authority by two-thirds.

Such social welfare leaders as Lord Scarman are warning that another "Fagin's London" will evolve as small children are idly put up behind the hotel facades near railroad stations.

"Societies breed their own slums," warned Lord Scarman, the president of the International Year of Shelter for the Homeless.

In that role, he is urging Britain to rebuild its dwindling stock of housing for the poor by permitting the diversion of emergency housing funds to capital construction.

Lord Scarman estimates that it costs at least one-third less to build new housing or renovate than it does to shelter people in bread-and-breakfast units.

NATO Leaders May Meet After Summit

By James M. Markham
New York Times Service

PARIS — Amid deepening concern over the irretrievable Soviet diplomatic efforts on West European opinion, senior NATO diplomats are exploring the idea of a meeting of alliance leaders after an expected encounter between President Ronald Reagan and Mikhail S. Gorbachev this autumn.

As explained by various U.S. and West European diplomats, a gathering in Brussels of North Atlantic Treaty Organization heads of state and government might avert the kinds of rifts that opened between Washington and its allies after Mr. Reagan and Mr. Gorbachev discussed sweeping arms control proposals in Reykjavik a year ago.

A NATO conclave could also provide Mr. Reagan with a platform to reassure the allies of the U.S. commitment to the defense of Western Europe, while permitting the alliance to lay down its own markers for its future course rather

than simply responding to Mr. Gorbachev's initiatives.

"There has been a certain disorientation in public opinion as to where we're going," said a European diplomat involved in the soundings for an alliance gathering. "The international scene has changed very sharply, and there's a feeling that this is looking to be a good time for alliance leaders to get together and provide clear signals for public opinion."

On the assumption that a Reagan-Gorbachev meeting might take place toward the end of November, crowned by the signing of an accord to eliminate the superpowers' medium-range missiles, NATO diplomats are exploring the possibility of upgrading a scheduled foreign ministers' meeting in Brussels on Dec. 11 and 12 to a gathering of heads of state and government.

"If I had to bet, I think it would happen," said a U.S. envoy, adding that such a meeting could "create reassurance that we're not remarking the world." But he and other

officials in various capitals emphasized that planning for a NATO meeting had been kept purposely low-key so as not to put pressure on U.S. negotiators who are striving to conclude the missile pact.

The discussion for the NATO gathering is taking place against the backdrop of a debate in West European capitals over how to deal with the challenge posed by Mr. Gorbachev's ability to portray the Soviet Union as a champion of peace and disarmament. In some public opinion polls the Soviet leader emerges as more popular than Western politicians.

One feature of this debate has been enthusiasm in West Germany for Mr. Gorbachev's policies of "openness" that contrasts — at the official level — with a considerably more skeptical approach in France and Britain. The most vocal champion of encouraging Mr. Gorbachev's course has been the West German foreign minister, Hans-Dietrich Genscher.

In St. Paul, Minnesota, earlier this month, Mr. Genscher argued that developments in the Soviet Union might constitute a "turning point" in East-West relations and that West German leaders "will not allow ourselves to be shackled by outdated thinking and deep-seated antipathies."

During a six-day visit to West Germany this month, Anatoli F. Dobrynin, a senior adviser to Mr. Gorbachev, argued that there was a "historic possibility" to turn what

he called "a new page in West German-Soviet relations." He urged West Germans to abandon their "old prejudices" about his nation.

The Soviet foreign minister, Eduard A. Shevardnadze, is expected to visit Bonn next month, while Chancellor Helmut Kohl said last week that he expected to meet with Mr. Gorbachev "in the not too distant future."

In Paris and London — capitals that Mr. Gorbachev has already visited — the intensified Soviet attention being given to West Germany has aroused a certain amount of concern. At a high-level gathering of military experts in Paris last week, Dr. David Owen, the former British foreign secretary, predicted that Mr. Gorbachev might eventually make a spectacular gesture by ordering the destruction of the Berlin Wall.

At NATO headquarters in Brussels, officials are working to come up with responses to a blitz of Soviet proposals, including one for comparing the Warsaw Pact's military doctrine with that of the Atlantic alliance. Moscow has also proposed creating a demilitarized zone in the Baltic region — an evident attempt to deter the United States from assigning nuclear submarines to the NATO command.

"There has been a temporary public relations disadvantage," a NATO spokesman said. "We haven't learned to react fast enough. It is inherent in our system of a very slow and democratic opinion-building."

Indians Hold One-Third of Jaffna City

By Peter Maass
Washington Post Service

COLOMBO, Sri Lanka — Indian troops occupy only about one-third of Jaffna after 13 days of heavy fighting to wrest control of the northern Sri Lankan city from Tamil rebels, an Indian official said Thursday.

The official, with the Indian High Commission, also said that the Indian Navy had landed commandos at a rebel stronghold on the western coast of the city, but gave no details.

The official displayed a map at a news briefing indicating that about a third of the city had been seized from rebels of the Liberation Tigers of Tamil Eelam, the main guerrilla group.

Indian troops have been advancing on Jaffna to disarm the Tigers and force compliance with an Indian-Sri Lankan accord designed to end the Tamil separatist revolt.

Earlier this week, an Indian official said the troops had seized control of the city center and were "mopping up" rebel resistance. But a Sri Lankan journalist who had visited the city said Wednesday that the Tigers were still largely in control there.

About 20,000 Indian troops have been sent to Sri Lanka to enforce the pact signed in July. It provided for the surrender of arms by Tamil guerrilla groups.

The official said that after 13 days of fighting the Indians controlled important buildings, including the railroad station and the Jaffna Hospital.

The official said there was no response yet from rebels to repeated appeals by Indian forces on Wednesday to surrender their weapons.

A Sri Lankan journalist just back from Jaffna quoted the deputy leader of the Tigers as saying that about 500 fighters had volunteered to form suicide squads against Indian troops to allow main Tamil units to escape from the besieged city.

The Sri Lankan Parliament voted Thursday to extend for another month a state of emergency imposed in May 1983 when widespread violence between the majority Sinhalese and minority Tamils swept the island.

An opposition member, Anil Moonesinghe, asserted that dozens of civilians had been killed by Indian soldiers in the fighting. The Indians have denied that large numbers of civilians have been killed and have said that special precautions were being taken to minimize civilian casualties even though this was slowing the soldiers' advance.

India Drops Food Aid
The state-owned All India Radio said Indian Air Force planes dropped 2,000 food packets over the Jaffna Peninsula on Thursday for Tamils displaced by the fighting, Agence France-Press reported from New Delhi.

Paraguay Rally Turns Violent
The Associated Press
ASUNCION, Paraguay — A union spokesman said 25 persons were injured Wednesday when policemen wielding nightsticks and electric prods broke up an anti-government rally by banking and construction workers. The police declined comment.

New Protests Force Roh To Cancel A Speech

By Peter Maass
Washington Post Service

SEOUL — Hundreds of stone-throwing demonstrators clashed Thursday with riot policemen at two provincial campaign rallies in an escalation of protests against Roh Tae Woo, the South Korean ruling party's presidential candidate. Mr. Roh was forced to cancel one speech and delay another.

The incidents have created fears in the Democratic Justice Party that more protests against Mr. Roh will break out as the December election nears.

The party secretary-general, Chung Suk Mo, was quoted in local newspapers as saying the protests could turn more radical. "That is what we had feared most about a direct presidential election," he said. "Such acts will occur more frequently."

Reacting to the demonstrations, the police said they would crack down to prevent further anti-Roh protests. Reports said the police planned to set up special units that will pursue people directly and indirectly responsible for campaign protests.

Already, 15 persons have reportedly been arrested and eight others are being sought by the police for the anti-Roh protests in Kwangju on Wednesday.

During the Kwangju protests, Mr. Roh was prevented from giving an impromptu speech after a tear gas grenade exploded near him. Choking, Mr. Roh was escorted away by security guards. In other incidents, he was pelted with eggs and several protesters are said to have called out for his execution.

A former general and close ally of President Chun Doo Hwan, Mr. Roh is making a campaign tour of the Cholla region, a center of anti-government sentiment. In 1980, at least 200 people were killed when government troops crushed an uprising in Kwangju, the Cholla capital.

The incidents Thursday occurred in Iri and Jeonju, two adjacent towns in the Cholla region. In Iri, several hundred students reportedly clashed with the police in front of the railroad station shortly before Mr. Roh was to deliver a speech there. As the students threw stones and shouted anti-Roh slogans, the police fired several volleys of tear gas. The rally and speech by Mr. Roh were delayed for about 30 minutes.

In Jeonju, at least 100 protesters demonstrated outside a gymnasium where Mr. Roh was to inaugurate a new campaign organization. Mr. Roh was forced to enter the gymnasium through a back door, and he canceled a speech that he was to deliver outside.

Meanwhile, in a separate development, the rift between the two opposition leaders, Kim Dae Jung and Kim Young Sam, appeared to widen after the two men held an inconclusive negotiating session.

In their first meeting in several weeks, the two men again failed to decide which one would run as the opposition candidate. Kim Young Sam called for a showdown vote at a convention of the opposition Reunification Democratic Party, but Kim Dae Jung described the proposal as inappropriate.

Many political analysts say it is increasingly likely that the Reunification Democratic Party will break up over the candidate issue.

WORLD BRIEFS

Progress Reported in Arms Talks

MOSCOW (Reuters) — Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, made progress on arms control and other issues at talks in Moscow on Thursday, spokesmen for both sides said.

The State Department spokesman, Charles E. Redman, and the Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said the ministers held two rounds of constructive discussions in the morning and afternoon, and headed into a third round in the evening.

Mr. Redman said that Mr. Shultz and Mr. Shevardnadze were making progress toward completing a treaty to ban medium- and shorter-range nuclear missiles but that problems remained over verification and a timetable for dismantling the weapons.



George P. Shultz and Eduard A. Shevardnadze joking together Thursday before starting talks on nuclear arms.

Hindus Seal Off Area in New Delhi

NEW DELHI (Combined Dispatches) — Hundreds of Hindus sealed off a posh district here Thursday, closing shops and dismantling makeshift temples, to protest the killing of 11 people in an attack Tuesday by Sikh guerrillas, the police said.

Concrete poles were dropped across access points to the Bengali- and Hindu-dominated Chitarrangan Park area, which was declared out of bounds to policemen, city buses and outsiders. Witnesses said the Hindus hurled bricks at policemen, chased away visiting politicians and ordered local residents to boycott Diwali, the annual Hindu festival of lights.

Meanwhile, in Amritsar, a rally planned by militant Sikhs at the Golden Temple failed to materialize as about 200 paramilitary government policemen surrounded the Sikh shrine while other policemen enforced a curfew in virtually deserted streets. The Sikhs had vowed to hold the rally despite official opposition and the arrests of about 250 militants since Monday.

Rebel Victory in Angola Is Reported

JOHANNESBURG (Reuters) — Anti-Communist rebels in southern Angola, backed by the United States and South Africa, have defeated a major offensive by Soviet-directed Angolan government troops, diplomatic sources said here Thursday.

Earlier, Radio South Africa quoted the guerrilla leader, Jonas Savimbi, as saying that the Marxist government's forces were retreating after fighting near the Lomba River. A long-range bombardment by South African artillery played a crucial role in turning back the offensive, one of the biggest since the civil war began in 1975, the sources said.

Mr. Savimbi, head of the National Union for the Total Independence of Angola, told South African radio that the drive on his front-line stronghold of Mavinga had been "practically stemmed." According to the diplomatic sources, the offensive started slowly but was better equipped and better organized than in previous years.

Protest by 2 Million Planned in Dhaka

DHAKA, Bangladesh (AP) — The three major opposition alliances in Bangladesh have combined forces for a confrontation next month to force the government to resign, a senior leader of one of the alliances said Thursday.

Mohammed Arefin said the alliances hope to assemble more than two million people outside Dhaka to try to immobilize the government on Nov. 10. The plan was announced two days after a 48-hour general strike. The opposition launched a movement July 12 against the government of President Hussain Mohammed Ershad after the parliament's passage of a controversial bill giving representation to the army in the running of the district administrations. General Ershad has threatened to take constitutional measures to stop the demonstrations.

TRAVEL UPDATE

Fog Shuts Moscow Airports a 5th Day

MOSCOW (Reuters) — The worst fog here in more than a century kept the Soviet capital's airports closed for a fifth consecutive day on Thursday, with chaos growing as thousands of hungry, sleepy travelers packed air terminals.

"By our count, about 35,000 passengers have crowded into the capital's airports," said Lev Ilichuk of the Civil Aviation Ministry. "Half of them are there permanently — they are transit passengers who cannot go home at night."

Weathermen said the fog set an all-time record on Wednesday for the month of October in Moscow. One newspaper said city transport officials had failed to cope with the situation, allowing passengers to board buses bound for air terminals without telling them the airports were closed. "Torrential rains eased over Northern Ireland on Thursday after a 24-hour downpour that flooded buildings, blocked roads and left thousands of acres of farmland under water. Flooding hit the western part of the province hardest.

DOONESBURY



GULF: Iran Hits Kuwaiti Terminal

(Continued from Page 1)
were patrolling the waters near the terminal, and a half-dozen oil tankers were riding at anchor between Sea Island and Mina al-Ahmedi refinery.

No crude oil is stored at the terminal, and the Silkworm warhead ignited only a small amount of oil in tanks where the overflow from loading operations is dumped.

[Insurance rates for cargoes in the Gulf were increased 50 percent by London underwriters Thursday following the attack. The Associated Press reported.]

On Oct. 15, in the first successful Silkworm strike on a Kuwaiti target, Iran missile batteries 50 miles north of Sea Island ripped a hole in a U.S.-owned, Liberian-flag oil tanker, the Sangari, anchored little more than a mile from Sea Island.

A second Silkworm was launched 24 hours later and ripped into the bridge tower of the U.S.-flag tanker Sea Isle City as it was maneuvering to take on crude oil at the Sea Island terminal.

Those missile strikes prompted the United States to mount its first retaliatory attack on Iran, smashing an Iranian oil platform in the central Gulf with naval shells.

Iran reported the missile strike on Tehran Radio on Thursday but did not acknowledge responsibility.

Islamic Jihad Threat

The pro-Iranian captors of American and French hostages said Thursday that thousands of suicide bombers had been readied for attacks against the U.S. Navy and European forces in the Gulf. The Associated Press reported from Beirut.

The typewritten statement in Arabic from Islamic Jihad was delivered to a Western news agency in Beirut. It was accompanied by black-and-white photographs of an American hostage, Terry A. Anderson, and a French captive, Jean-Paul Kauffmann.

The group encloses photographs as a sign of authenticity of its messages.

The attacks will be patterned after the Oct. 23, 1983, bombings that demolished the headquarters of the U.S. Marines and French paratroopers in Lebanon, the statement said.

The bombings, carried out by suicide truck drivers, killed 241 American servicemen at the Marine Corps base and 58 Frenchmen at the other post. Both nations later withdrew their forces from Lebanon.

"Thousands of our suicide martyrs are in the Gulf waiting for the proper moment to make a new glory for Islam and the Moslems," the statement said.

TOOLS: European Ring Alleged

(Continued from Page 1)

Kongsberg's illegal exports, the report said, included three machines from Rai-er-Forest in 1978; 32 milling machines from a West German firm, Schies A.K. of Düsseldorf; five machines from another West German firm, O. Dörries in Düren; an undisclosed number, apparently turbines, from a third West German firm, Donawerke in Passau, near the Austrian border; 23 machines from a Rome-based firm, INNSE Innocenti Santeustacchio, a subsidiary of Finsider and part of IRI, Italy's giant state-owned holding company; and two machines, which apparently went to China, from KMT in Britain.

Most companies could not be reached for comment. But a Schies executive, Mandred Hanning, while confirming that his company had sold multi-axis milling machines to the Soviet Union, said that the sales had West German government approval and that his company believed that the Kongsberg control systems had also been approved for export.

U.S. Moves on China Sales
The United States moved Thursday to limit the sale of some high-technology items to China because of its sale of Silkworm missiles to Iran, Agence France-Press reported from Washington. The United States has urged Beijing for several months to not sell the missiles to Iran.

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Paraguay Rally Turns Violent
ASUNCION, Paraguay — A union spokesman said 25 persons were injured Wednesday when policemen wielding nightsticks and electric prods broke up an anti-government rally by banking and construction workers. The police declined comment.

Reagan Wants Quick Meeting With Congress on Deficit Cuts

WASHINGTON — President Ronald Reagan said Thursday that he wanted to meet promptly with Democratic and Republican congressional leaders to talk about deficit reduction steps, hoping to keep spending and taxes "as low as possible."

Earlier Thursday, the Democrats in Congress said that they would push forward with deficit-reducing tax legislation that might hurt the financial markets, citing doubts about Mr. Reagan's willingness to compromise.

Mr. Reagan issued his statement in House Speaker Jim Wright's office in Texas, saying that Democrats wanted a meeting to get the president's assurance that planned deficit reduction talks would not be a "charade."

"All we seek will be his assurance that nothing will be out of bounds, including taxes, Mr. Wright said."

The Senate Republican leader, Sen. Dole of Kansas, said the first meeting could take place as early as today.

The Democrats, who control the House of Congress, called for an "economic summit meeting" with the Republican president, the pressuring ahead on budget-cutting legislation.

The White House has sent mixed signals about whether the president is willing to reverse his longstanding opposition to tax increases as

part of any compromise on finding ways to lower the budget deficit.

The White House hinted Wednesday that Mr. Reagan might consider a tax increase and "light" Democratic proposals, but the president also said: "I'll listen to them if they'll listen to me about the fact that raising taxes has always resulted in a lowering of revenues."

Mr. Reagan said Tuesday, a day after the dramatic plunge in stock prices, that he wanted discussions "undertaken with the bipartisan leadership of the Congress." Analysts blamed the plunge in part on investor concern over the budget deficit.

During Mr. Reagan's presidency, the annual deficits have more than doubled the national debt, pushing it past \$2.3 trillion.

Mr. Wright and the Senate majority leader, Robert C. Byrd of West Virginia, said Wednesday that they wanted the discussions to include a meeting with the president. White House aides left open the question of whether the president would participate.

But Mr. Reagan's statement Thursday said, "I want to meet with the bipartisan leaders of Congress as soon as possible to arrange the procedure for deficit reduction discussions."

"As I have said previously, everything is on the table with the exception of Social Security and there are no other preconditions. I

hope that Congress will also agree to put everything on the table.

"This matter requires that both sides make contributions and develop a package that keeps spending and taxes as low as possible."

Mr. Dole said the budget negotiations are "precisely what we need to reassure the public and the financial markets."

Representative William H. Gray 3d, Democrat of Pennsylvania and chairman of the House Budget Committee, said Mr. Reagan's decision to participate and put taxes on the table were "essential."

"This seems a hopeful beginning," he said.

Pete V. Domenici of New Mexico, the senior Republican on the Senate Budget Committee, said the stock market crisis might provide the impetus to get the deficits under control before it is too late.

"There is nothing so exhilarating as to be shot at and missed," he said, paraphrasing Winston Churchill, "and I think that's where we are today."

Mr. Dole said that, based on initial discussions between administration and congressional officials, negotiators would be looking at deficit reductions of \$23 billion or \$24 billion, but added, "It could go even further."

Mr. Wright said that Reagan aides seemed willing to negotiate, even to the extent of discussing additional revenue, although the president has vowed repeatedly to resist tax increases. (AP, NYT)



Alejandro Duarte, a son of and an adviser to President José Napoleón Duarte of El Salvador, chatting with reporters after a meeting with Salvadoran rebel leaders in Caracas.

President of Honduras Urges U.S. to Set Aside Contra Aid Till January

By Neil A. Lewis
New York Times Service

WASHINGTON — President José Azcona Hoyo of Honduras has urged that U.S. military aid to the Nicaraguan rebels be suspended at least until January.

Mr. Azcona, the closest supporter of United States policy in Central America, suggested Wednesday that money be put aside until it is clear whether the Nicaraguan government is complying with the Central American peace accord.

Like President José Napoleón Duarte of El Salvador, who visited Washington last week, Mr. Azcona apparently felt obliged to take that position, in the face of U.S. support for the rebels, because he signed the peace accord. The accord requires a suspension of aid to the rebels, known as contras.

Mr. Azcona strongly suggested that he expected the Nicaraguan government would fail to comply with the regional peace accord. He said the United States should be prepared in that event to rearm the contras.

"Right now the aid to the contras should be suspended, and it has been suspended," he said. "But what definitely should not be done is to make a decision that would close down the possibility of aid to the contras in the future. That would torpedo the peace process."

Mr. Azcona said that if military aid to the contras was suspended,

the Sandinist government in Managua would not be able to use continued U.S. support of the rebels as an excuse not to comply with the accord.

Any money intended for the contras, Mr. Azcona said, could be placed in escrow until Jan. 7, when the Central American presidents are to meet to judge whether their countries — Nicaragua, Costa Rica, Honduras, Guatemala and El Salvador — are complying with the accord they signed in August.

He said that perhaps a congressional vote on a White House request for aid could be delayed until after Jan. 7.

President Ronald Reagan has said he intends to ask Congress sometime before Nov. 26 to provide \$270 million in aid for the contras that could be used for any purpose, including military needs.

But Mr. Azcona, like Mr. Duarte, noted that the treaty requires an end to outside help to insurgent groups and thus binds the parties to take a position similar to that of the Reagan administration.

■ Other Developments

● The Inter-American Dialogue, an unofficial but influential group of prominent people from the United States and Latin America, called on the United States on Wednesday to negotiate directly with Nicaragua to resolve U.S. security concerns in the region, The Washington Post reported.

It also urged Nicaragua to negotiate with the contras on a cease-fire agreement.

The group's appeal was announced by its co-chairman, Sol M. Linowitz, former U.S. ambassador to the Organization of American States and negotiator of the Panama Canal treaties, and Daniel Oudner, the former Costa Rican president.

● The contras issued a statement Wednesday saying they had released two Nicaraguan clergymen captured by a contra brigade on Oct. 8, according to The Post. The contras said an American peace activist, Paul A. Fisher, who also had been abducted recently, would be released "as soon as conditions conducive to his safe return" were met.

● Salvadoran rebel leaders and government negotiators, meeting in Caracas, agreed to hold a second day of talks Thursday in their effort to reach a cease-fire agreement, a Salvadoran government spokesman said.

State Dept. Offers Early Retirement

WASHINGTON — The State Department, which plans to eliminate about 1,270 jobs because of budget cutbacks, has been given permission by the Office of Personnel Management to offer voluntary early retirement to its civil service employees.

A department spokeswoman, Yvonne Oakley, said Wednesday that as many as 500 persons may be eligible.

Department officials, anticipating a shortfall of about \$84 million in the operating budget for the fiscal year, are preparing far-reaching cuts, from consolidating offices within the department to closing two small embassies and 13 consulates.

However, the core of the reorganization program will involve eliminating up to 1,300 Foreign Service and civil service jobs, most of them in Washington, through early retirements and, if necessary, a reduction in force that would mean voluntary layoffs.

Department officials are expected to ask Congress to amend the law governing the Foreign Service permit both early retirement incentives and a reduction in force, allowing the department to apply such measures to civil service employees if the Office of Personnel Management concurs.

Mrs. Oakley said the early retirement offer will apply to employees any age with 25 years of service. Employees aged 50 and over will be offered retirement benefits normally would be available at age 55, minus a permanent 2 percent reduction for each year of age 55. Not eligible for the offer are secretaries, auditors and engineers, because the civil service has shortages of such personnel.

To Alter Perceptions, Republican Hopefuls Wax Compassionate

By Bernard Weinraub
New York Times Service

WASHINGTON — Republican presidential contenders are voicing a passion for compassion.

Senator Bob Dole's grandparents were poor, his parents were poor and he endured a crippling arm wound in World War II. Recently the Kansas senator said, "All that personal experience, nothing very heady about it, has made me a very strong person, and a very sensitive person when it comes to the handicapped and other vulnerable groups in America."

Vice President George Bush says the Republican Party is the party of Lincoln. "Our whole history was protecting those who needed protection and making this a kinder nation," he said. "Prosperity with a purpose means helping your brothers and sisters, whoever they are, whatever their needs."

Representative Jack F. Kemp of New York says the party must open itself to racial minorities and blue-collar workers and shed the image of a party representing "the country club set." Mr. Kemp adds: "It has to be done with a sense of what I call progressive conservatism. Make our party the party of civil rights and of human rights and voting rights and legal rights and economic opportunities for all people."

"The compassion issue is a very serious concern among Republicans," said Ed Rollins, a former White House political director who is chairman of the Kemp campaign.

"If you look back at the last seven years," he said, "you see that because of the strong defense buildup and tax reduction, the president was forced to cut other budget items. The perception out there is that the Reagan administration is anti-poor, anti-elderly, anti-veteran, anti-environment."

Larry Sabato, a campaign specialist who

is a professor of government at the University of Virginia, observed: "Republicans are raising the issue of compassion because

"Kemp for years has been preaching the need for Republicans to show compassion. He started it. Dole picked it up in the last six months. He began talking about his childhood and his war wound and the fact that the government has got to help people in need. Dole and Kemp are both trying to isolate Bush. And the Bush people knew he was getting hit over the head on the issue, so he began talking about compassion, too."

Certainly this theme is not new to presidential politics. Among the Democrats, Franklin D. Roosevelt, Harry S. Truman, John F. Kennedy and Lyndon B. Johnson addressed the need to help the needy. And on the Republican side, Richard M. Nixon sought to grapple with the poverty issue, although he did so less in his 1968 presidential campaign than in his presidency.

In some ways, the 1988 compassion theme emerged fully when Mr. Bush, in formally announcing his candidacy on Oct.

12, went out of his way to discuss civil rights and express concern for Americans who are impoverished.

"There are those who need help, there are those who have been hurt — and, far as I'm concerned, we will never be a truly prosperous nation until all within it prosper," he said.

Kevin Phillips, a Republican analyst, said Mr. Dole's decision to take up the compassion theme caused the Bush campaign to move in the same direction after it realized that "Dole was scoring there, and Bush had to show that side of him more."

The issue has not played a central role in other Republican campaigns, those of former Governor Pierre S. du Pont 4th of Delaware, Alexander M. Haig Jr. and Pat Robertson. Moreover, Mr. Kemp has criticized Mr. du Pont's proposals that virtually all poor people should be compelled to work at one job or another. ("If you don't work, you don't get paid," Mr. du Pont says.)

'The perception out there is that the Reagan administration is anti-poor, anti-elderly, anti-veteran, anti-environment.'

— Ed Rollins, former White House aide

the polls are showing it's a problem for them. It's aimed, clearly, at the undecided and persuadable voter who may be lower-income and middle-income.

Senate Opens Bitter Debate Over Bork

By Edward Walsh
Washington Post Service

WASHINGTON — The Senate has begun its long-delayed debate over the Supreme Court nomination of Judge Robert H. Bork with a clash over the process that has brought the nominee to the verge of almost certain rejection.

The initial tone Wednesday and Thursday suggested that the debate may be a bitter replay of the charges and countercharges made by both Judge Bork's critics and his defenders in the weeks before the Senate Judiciary Committee's hearings began last month.

There also was no indication of how long the debate would last. With Judge Bork's wife, Mary

U.S. Armory in Europe Is Called a 'Sieve'

By John M. Broder
Los Angeles Times Service

WASHINGTON — Sloppy security and record-keeping at U.S. Army posts in Europe endangers billions of dollars worth of military supplies, including highly sophisticated U.S. weapons, a congressional study warns.

The goods are exposed to theft by terrorist groups or to diversion for profit, the study by the General Accounting Office said.

At a post in West Germany, a supply officer searched almost a year for 24 Stinger anti-aircraft missiles after the army requested them for exercises elsewhere. At another post, an army battalion lost a Chaparral surface-to-air missile. Elsewhere, a military guard station was found unmanned with a note stuck to the door reading, "Be back in 5 minutes."

The report, made public



Robert H. Bork

Wednesday, detailed numerous other security breaches that left Stinger, Dragon and TOW missiles, as well as anti-tank rockets, hand grenades and ammunition vulnerable to theft or sabotage.

The security of the Stinger missiles is particularly sensitive because the Stinger is the army's most effective portable anti-aircraft missile and the Pentagon has tried to keep it from falling into unfriendly hands. A shipment of Stingers sold to the Afghan rebels was hijacked by Iran this spring, and one missile reportedly was fired at a U.S. military helicopter patrolling in the Gulf two weeks ago.

"There is simply no excuse for the kind of laxity that has occurred," said Senator Pete Wilson, a Republican from California, who initiated the investigation that led to the report. "The army's known for some time that the missiles are not properly secured. And yet they

have failed to take corrective steps, which is unconscionable."

An army spokesman disputed Mr. Wilson's comments and the report.

"The army had procedures to account for the missiles that were adequate to the purpose," the spokesman said. "We were not missing any missiles." He acknowledged, however, that the army "has taken actions to improve those procedures to make them better."

The report is part of a continuing series of audits of the military-supply system.

So far, government investigators have said, the evidence indicates that the military network that warehouses \$170 billion worth of munitions and easy-to-puller items, is "leaking like a sieve."

The report charged that "the problems of inaccurate inventories, unknown causes of the inaccuracies and poor physical security all con-

tribute to a situation where the army is unnecessarily vulnerable to theft, diversion or misappropriation of its inventory supplies."

It noted that many of the problems had been pointed out to senior army officials but that corrective actions had not been "fully effective."

Dick Helmer, who supervised the audit, said the army asserts that its records for its entire inventory are accurate nearly 90 percent of the time. But Mr. Helmer's analysis of the army's own figures found that the records are less than 50 percent accurate.

"There are a lot of serious management problems," Mr. Helmer said. "You're just opening yourself up to fraud, waste and abuse."

Fortcoming audits will look at the U.S. Air Force, Navy and Defense Logistics Agency, which coordinates supply across the services.

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Nancy Reagan Leaves Hospital After Surgery

Compiled by Our Staff From Dispatches

WASHINGTON — Nancy Reagan, an arm in arm with her husband, President Ronald Reagan, was discharged Thursday by a crowd of 60-wishers as she returned to the White House five days after breast-removal surgery.

Mrs. Reagan, who appeared slightly pale, smiled and lifted her right arm to wave at White House staff members, young people from anti-drug programs and grandparent volunteers who had been invited to greet her. "I'm touched," she said. "I'm very, very happy to be home — very."

Mrs. Reagan underwent a procedure known as a modified radical mastectomy at Bethesda Naval Medical Center on Saturday, during which her cancerous left breast, lymph nodes from under her

Flaws Found In Security at U.S. Airports

Compiled by Our Staff From Dispatches

WASHINGTON — Tests at 136 U.S. airports showed that hidden weapons passed through security checkpoints one out of five times, the Federal Aviation Administration told Congress on Thursday.

Raymond A. Salazar, director of the agency's Office of Aviation Security, said the agency conducted more than 6,000 tests at the airports during the 10-month period ending June 30. He told a House of Representatives subcommittee that undercover agents were able to sneak through mock weapons about 20 percent of the time on the average.

The 80-percent detection rate was identical to the rate the agency found in a smaller test last year.

"Because passenger screening is the most important component of an airport security program, I find these results particularly disturbing," said Representative Cardis Collins, an Illinois Democrat, whose subcommittee conducted the hearing.

Mr. Salazar conceded that "we are not satisfied with that success rate," but he said his agency was trying to spur airlines into improving their detection systems.

"I continue to believe," Mr. Salazar said, "that our domestic screening program remains an effective means of combating aircraft hijackings."

At 34 major airports, the rate of detection ranged from 99 percent to 45 percent.

For security reasons, the airports tested were not identified. (UPI, AP)

U.S. Lobby Blocks Bill on Plastic Guns

By Ruth Marcus and David Hoffman
Washington Post Service

WASHINGTON — An intense lobbying effort by the National Rifle Association has derailed, at least temporarily, new legislation being considered by the Reagan administration to outlaw so-called plastic guns, which can escape detection by security equipment, according to association officials and administration sources.

The effort to block the legislation was directed at Attorney General Edwin Meese 3d and Vice President George Bush, among others, the sources said.

A package of gun control legislation that included the plastic guns measure already had been approved by top officials at the Justice Department and the Treasury Department, which enforces gun laws, sources said.

But after lobbying by the politically powerful gun association, the legislation suddenly was withdrawn by Mr. Meese last week from final consideration at the Office of Management and Budget, the sources said.

A Justice Department spokesman, Patrick S. Korten, said the bill was "pulled back" and "put on hold" pending a meeting with the National Rifle Association and law enforcement groups to discuss whether a compromise measure can be achieved.

Stephen E. Garmon, deputy director of the Secret Service, testified in July in support of a similar measure introduced by Senator Howard M. Metzenbaum, Democrat of Ohio.

He said that "the threat posed by nonmetallic handguns" was significant and "could potentially have a devastating impact on our protective mission."

Y.Y. Says Addicts Overtake Homosexuals in AIDS Deaths

New York Times Service

NEW YORK — New York City health officials reported Wednesday that acquired immune deficiency syndrome has killed more intravenous drug addicts than homosexuals in the city since the epidemic began.

The number of AIDS-related deaths among intravenous drug users among intravenous drug users in the city is more than 150 percent higher than previously reported, the officials said, citing a study of all drug-related deaths in the city.

The city health commissioner, Dr. Stephen C. Joseph, said that the findings mean that "homosexual men no longer are the major group at risk in the city."

Health officials said that the findings showed that AIDS-related deaths involving intravenous drug users accounted for 53 percent of all AIDS-related deaths that have occurred in New York City since 1982. Deaths involving sexually active homosexual and bisexual men accounted for 38 percent.

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Herald INTERNATIONAL Tribune

A Hard Economic Lesson

Securities markets worldwide have recouped half their trillion dollar losses, a recognition that the bricks and mortar of world production remain fundamentally sound. But make no mistake: The stock market crash reflects an equal recognition that the world economy will remain at great risk until leaders demonstrate they can face up to hard political decisions.

For America, that means budget deficit reduction. For West Germany and Japan it means a broadening of perspective from officials accustomed to roles as international leaders. For all, it means agreement on a workable strategy for pulling in harness.

Such changes require setting aside parochial and selfish economic policies. But surely the needed reforms will be less painful than the financial collapse waiting to happen next year — or next week.

Those who have been reading the economists' laundry list of worries might well blanch at prospects ranging from depression to hyperinflation. They might legitimately wonder whether any change of course is safer than simply trying to muddle through. There are indeed risks to action. Raising taxes might, for example, tip a weakened economy into recession. But reasonable people ought to be able to agree on the first priority: avoiding a panic flight from the dollar into other currencies.

Such a convulsion, triggered by the belief that the dollar was about to fall, would lead to a collapse in securities markets and a colossal leap in interest rates. At the very least, this would cause a recession destroying tens of millions of jobs around the world. Less likely, but far from impossible, it would end the era of open international trade and investment. That would cripple a system in large part responsible for tripling world income during the past quarter-century.

America's task is to convince foreign pri-

vate lenders that the United States won't wobble on its debts by paying off loans in devalued dollars. That reassurance does not require instant elimination of the budget deficit. But it does demand credible belt tightening. Nothing less will do at this stage than an agreement between Congress and the White House to raise taxes and freeze spending for the military and for middle-income benefits programs. Each must show it can put national above partisan interest.

For Japan and West Germany, the world's primary lenders, the sacrifices needed are largely psychological. They fear even the smallest risk of inflation, but have to take that chance to fill the gap in demand that U.S. austerity will leave. They must also reduce interest rates at home, so that America is not forced to pay recession-inducing rates to satisfy foreign investors. Most important, they have to recognize that in an integrated world economy creditor nations bear much responsibility for keeping currency markets on an even keel. For the coming months and years, Japan and West Germany have to be prepared to act as lenders of last resort. They must be willing to provide whatever amount of yen and marks is necessary to keep the dollar from tumbling out of control.

Nans and bolts considerations of U.S. deficit reduction — of energy taxes, national sales taxes and Social Security freezes — have fallen prey to interest group vetoes in the past. Past American attempts to induce Japan and Germany to act as locomotive to the world economy have been brushed aside. But surely one hallmark of successful societies is the flexibility to recognize and respond to urgent need. If the loss of a trillion dollars in securities values in a single day cannot move the leaders of industrial economies to make common cause, popular panic will determine our economic destiny.

— THE NEW YORK TIMES.

Asia's Nuclear Passions

Is a second-best solution, but one better than no solution, being proffered to the problem of nuclear proliferation in South Asia? India, as the subcontinent's dominant power and a country determined to avenge its border humiliation by China in 1962 and match China's first bomb of 1964, exploded a nuclear "device" in 1974. That made it all but inevitable that smaller, already partially disarmed Pakistan would seek to catch up. It has done so behind a veil of secrecy intended in part to spare it the heavy costs (and aid cutoff, political isolation) of American nonproliferation policy. Its success necessarily shifts the burden of American policy from forestalling a Pakistani nuclear program — a goal now overtaken — to keeping the Pakistani program, and the Indian program it responds to, within certain discreet limits.

Kajiv Gandhi's visit to Washington this week did not signal formal Indian approval of South Asia's new state of "nuclear ambiguity." On the contrary, India regards its program as 1) its business alone, 2) peaceful

and 3) designed less to intimidate Pakistan than to deter China. To President Reagan's plea for an Indian nuclear "dialogue" with the Pakistanis, Prime Minister Gandhi offered only "frank discussion" with Americans. This is unfortunate. The surest way for India to choke off Pakistan's nuclear progress would be to enter such a dialogue. But Mr. Gandhi did say that India would not go ahead with an actual bomb of its own "unless constrained to do so" — words that leave Indian policy open to future choice.

Surely Indians understand why Americans are reluctant to sacrifice support for the Afghan resistance — support rendered chiefly through Pakistan — to punish Pakistanis for a nuclear program for whose likes India, not to speak of Israel, goes unscathed. And surely Indians realize the advantages to themselves of having Pakistan stay in a close and constraining security relationship with the United States rather than be cast out by an aid cutoff into a loneliness in which its nuclear passion could only grow.

— THE WASHINGTON POST.

A Victory for Free Speech

Four years ago, three groups of Americans invited controversial foreigners to come to the United States to speak. Those invited haven't yet been granted visas, but this week they came a little closer to making their trips. Tomás Borge Martínez, the interior minister of Nicaragua, was to be the guest of a group including members of Congress, university professors, journalists and religious leaders. Nino Pasti, a former Italian army general assigned to NATO, who opposes the deployment of U.S. missiles in Europe, was invited to a nuclear disarmament rally in Boston. Olga Finlay and Leonor Rodríguez Lezcano, Cuban speakers on family law and women's rights, had been asked to lecture by the New York City Commission on the Status of Women. All four were turned down for visas by the State Department on the grounds that their presence in the United States would be detrimental to national security.

Suits were filed by those who had issued the invitations, and though they were unsuccessful in the trial court, the federal appeals court for the Washington circuit ruled in favor of the plaintiffs, a ruling affirmed by the Supreme Court in a tie vote on Monday. Because of the tie, the holding applies only in the Washington circuit, but since most litigation involving visa denials would be brought there under any circumstances, the ruling is important.

The appellate court had held that, under the terms of the Immigration and Nationality Act, the State Department cannot ex-

clude a visitor simply because he or she is affiliated with a Communist or other suspect political organization. A judgment must also be made that this person will engage in activities within the United States that would be detrimental to the national interest. Otherwise, Congress must be specifically notified of each visa denial. These are the guidelines set up by Congress in 1977, when the McGovern amendment was passed to curb the power exercised by the executive branch to keep unpopular and controversial speakers from entering the country.

If the State Department can show in court that Tomás Borge, Nino Pasti or Olga Finlay and Leonor Rodríguez are likely to incite riots, bomb buildings or smuggle arms from the United States, they will not be allowed to come. If, as seems far more certain the case, the only reason for keeping them out was their membership in certain organizations or the unpopularity of their causes, their entry should never have been viewed as a threat to the national security in the first place, but rather as evidence of that security.

Political affiliation and speech are not grounds for any penalty. The irony of excluding visitors because they have exercised rights that Americans cherish is obvious. A truly secure democracy cannot be harmed by a visitor's words or subverted by his or her political views. Let these visitors and others like them come if they wish. The embarrassment was keeping them out.

— THE WASHINGTON POST.

Other Comment

Those Institutional Spenders

When the Dow Jones index plunged on Monday, it was a hostile comment on a crucial aspect of the American political system: the inherent reluctance of president and Congress either to raise taxes or cut government spending for fear, either way, of being voted out of office. The same would be true of politicians the world over. But in the United States the reluctance is built into the country's political institutions.

— The Times (London).

A Last Chance for Reagan

How much the Reagan presidency has changed can be gauged by comparing its first year with prospects for the final year. What was once a vibrant, aggressive administration has become a gaggle of discredited politicians. There is a basic optimism in Reagan's personality that may still serve him well. But Americans need better government than they have been getting. And Mr. Reagan has this last chance to provide it.

— The Baltimore Sun.

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OPINION

A Remarkable Collapse, But This Isn't 1929

By Robert J. Samuelson

WASHINGTON — Wall Street's panic has been dizzying. To the superstitious, ominous coincidences are obvious: The Great Crash of 1929 also occurred in October. What does the stock collapse of the past week mean? I will not attempt to offer instant wisdom, but here is an attempt to provide some perspective.

Caution Number One: No one really knows what is happening, and almost everyone has ulterior motives. Brokers and government officials who talked soothingly of a "correction" aimed, unsuccessfully, to avoid a panic. Beware also of those who moralize about the "crash." If the stock market boom symbolized the Reagan prosperity, then a collapse is supposed to show that prosperity rested on greed. Though that verdict may satisfy some, it may also be bad economics.

Caution Number Two: The stock market's bark is typically worse than its bite. Even the crash of 1929 did not "cause" the Great Depression. Though the market's collapse helped end the 1920s' boom, mistakes in government policy converted a business downturn into the Depression. The Federal Reserve permitted the banking system to disintegrate. From 1929 to 1933, two-fifths of the 25,000 U.S. banks went out of business. Consumers' deposits were frozen, business loans curtailed. By 1933, unemployment was 25 percent.

What triggered the 1987 panic is anyone's guess. There were bad trade figures last week; the United States and West Germany were quarreling over interest rates. In a sense, the cause does not matter. Panics are driven by fear. For much

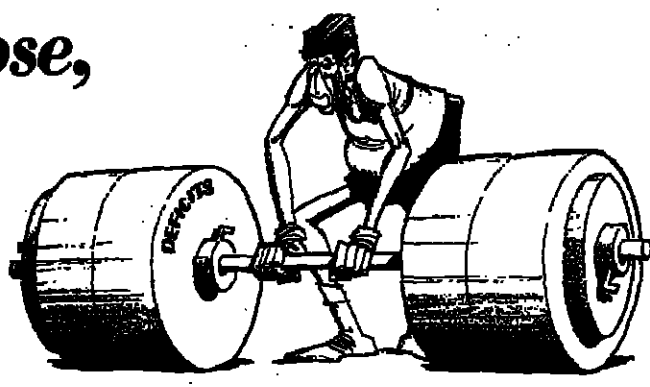
of the year, market analysts were saying stock prices were too high based on traditional measures: profits, interest rates, underlying corporate assets. The market subsided on faith, and once selling pressures developed there was no strong case for anyone to buy.

The market always bounces around. Monday's collapse was followed by a partial recovery Tuesday and Wednesday. Only with hindsight do we know which bounce has broader significance. All we can do now is examine the current decline.

How does it compare with previous drops since World War II? Generally, it is much worse. Since 1948, there have been 10 major market declines. The largest drop, from December 1972 to September 1974, was by 46 percent. Declines have averaged 23 percent and have been gradual; it has taken stock prices an average of 14 months to hit bottom from their peaks. By contrast, this collapse has been deep and swift. Stock prices peaked in August. Even after Tuesday's rise, they were down nearly a third from that peak.

Easing the severity of the plunge is the enormity of the previous stock boom. Huge paper profits accumulated. When the boom began in August 1982, stocks on the New York Stock Exchange were worth \$1.1 trillion. By this August, their value exceeded \$2.9 trillion. The boom lasted twice as long as the postwar average (30 months), and the price rise was more than three times bigger.

Does the market collapse signal a recession or economic slowdown? It could. In theory, the market is a leading indicator. Rising prices and



profits, while falling prices indicate fears of poor sales and profits. A falling stock market has preceded every postwar recession except the brief 1980 recession, according to Geoffrey Moore, head of the Center for International Business Cycle Research. On average, the stock decline has occurred nine months before recession began. But a market decline is not an infallible signal, Mr. Moore said. At least three drops (those of 1961-1962, 1966 and 1976-1978) were not followed by recessions.

Until recently, most economists have been optimistic about the outlook. Consider the average 1988 forecast of 51 economists surveyed by the Blue Chip Economic Indicators newsletter. It predicted 2.8 percent economic growth and a stable unemployment rate of about 6 percent. But recent rises in interest rates could weaken growth. Some economists now expect rates on conventional mortgages to hit 12.5 percent; for most of the year, they were 10 percent or less.

Could the market's drop itself depress the economy? Perhaps. The theory is simple: A rising market encourages consumer spending by making people feel wealthier, a falling market does the opposite. But too few Americans may own stock for market changes to influence consumer spending significantly. Probably fewer than 25 percent of families own stock. In 1983, the median investment was worth \$4,016; that may have jumped to \$12,000 by 1987. Only among families with more than \$30,000 income are stock investors a majority.

Of course, the stock market crash could affect a lot of noninvestors. Consumers could get nervous and delay spending, especially on expensive items. Businesses could cut investment plans until the outlook is clearer. Some companies may need to make bigger contributions to their pension plans, leaving less money to invest in plant and equipment.

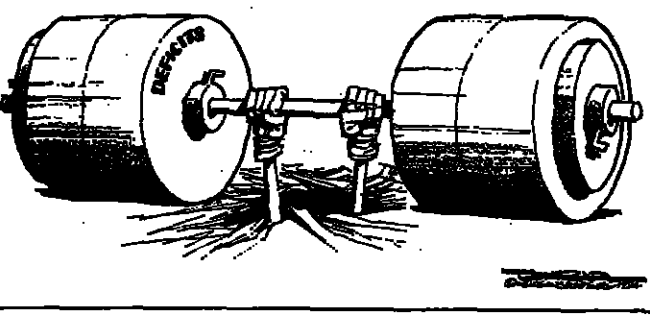
Once the market starts falling, what is to stop it?

Stocks could get "cheap." In August, stock prices were roughly 22 times profits. Price-earnings ratios that high had not been seen since the early 1960s. The market's decline now brings stock prices to about 14 to 15 times earnings, which, though high compared with the 1970s, is more in line with the 1960s and 1950s. Will that tempt buyers? Many investors who sold now have large amounts of idle cash. But there is no guarantee that they will come back into the market, especially if they figure prices are going lower or that a recession will cut profits.

Economic panics defy easy analysis. But the stock market panic is just that — a stock market panic. The question now is whether the stock collapse portends an upheaval in the real economy of jobs and production. In the end, the stock market mostly reflects what happens in the real economy; its influence on the economy is secondary.

The parallel with the 1930s becomes relevant. The 1987 market collapse is roughly the same size as 1929's. What is forgotten is that by early 1930, stocks had staged a substantial rally. The Depression deepened only because governments could not cope. America did not protect its banking system. Protectionism flourished. Cooperation among governments was modest. Major nations were on the gold standard, and each acted to protect its scarce gold reserves. Similar mistakes today would be disastrous. West Germany and Japan need to expand their economies to help stimulate the rest of the world. The United States needs to reduce, gradually, its large budget deficits. Everyone must avoid protectionism. The fabric of economic confidence is strong. But once torn, it is hard to mend. The stock market collapse is only a preamble. To what? No one knows. What counts now is how consumers, businesses and governments react.

Newsweek.



The Party's Over and the Mess Is Still Here

THE BINGE is over. It couldn't go on forever — the quick fortunes, the midnight raids and computer-driven program trades, the junk bonds, poison pills, leveraged buyouts, options — all the glitz and glamour, the danger and thrill. It's over.

Wall Street had supplanted Las Vegas, Atlantic City, Monte Carlo and Disneyland as the place where dreams are made, where castles appear in the clouds. It was Pinocchio's Pleasure Island, where children (and the adults whose bodies they inhabited) could do and have whatever they wanted, whenever they wanted it.

The rest of us pretended not to notice. Oh, yes, we moralized over insider trading and we organized ethics courses at our business schools. But for the most part we let the kids play, telling ourselves that they must be doing something important. How else to explain the millions they earned, and the steady march of the best of our students to their sides?

Financial experts assured us that these antics were good for America because they helped restructure the economy. The purpose of the corporation, the pundits explained, was to maximize share values. Thus, Wall Street's paper shenanigans, pushing share prices ever higher, were also making America more competitive, they said.

Meanwhile, the party went on. The noise grew louder, the games more raucous. Even Pinocchio noticed that some of the more exuberant children were spouting long ears and tails.

But morning is long and the binge seems to be over. Many have hangovers. Many have worse. The jackasses are identifiable. The rest of us, who pretended not to notice, are left with the job of cleaning up the mess.

— Robert Reich, who teaches at Harvard University's John F. Kennedy School of Government, contributed this view to The New York Times.

A Soviet Turnaround May Let the UN Work, at Last

By Flora Lewis

PARIS — The assurance of a new director-general for UNESCO comes when there are many who hope that the United Nations itself may be pulling back from the miasma in which it floundered for nearly a generation.

UNESCO suffered the most from the UN disease of ideological logging, mismanagement, verbal aggression, even corruption. Under Amadou Mahtar M'bow, an organization founded to promote international cooperation on education, science and culture became an arena for promoting conflict. The United States pulled out in disgust in 1984, followed by Britain and Singapore.

The nomination of Federico Mayor Zaragoza of Spain after a nasty all-night session of UNESCO's executive committee is not the end of the battle. Mr. M'bow angrily charged that "the committee has not only blocked his attempt to win another six-year term after 13 years of running down the place. The election of Mr. Mayor by the full membership probably will provoke further fury and divisive accusations."

The Soviet leader made a long list of proposals which, if Moscow's own would add to a shift from using the UN system as a West-bashing propaganda forum to an attempt to make it work more constructively.

The Cold War began immediately after the United Nations was founded, and with decolonization the UN lost weight and effect in inverse ratio to its swelling membership. The Russians looked to the newly independent countries for allies against the West. Less than a decade ago, they thought they were winning in this global campaign, and a lot of panicky Westerners thought so, too. Now Moscow seems to have reconsidered. It is part of what Mr. Gorbachev called "new political

thinking, permeated with a realistic view of what is... happening around us and a realistic view of ourselves."

The Soviet commentator Alexander Bavin was more explicit. He wrote that "the ability of capitalism to adapt to the new historical setting has surpassed our expectations. The prospect of socialist transformations in developed capitalist countries has receded indefinitely... In a number of countries of socialist orientation, the situation remains unstable, fraught with the possibility of regression."

"Socialist orientation" refers to Marxist-leaning countries that are not considered full-fledged Communist allies: Angola, Mozambique, Ethiopia, Nicaragua. The "possibility of regression" means introducing free market systems and looking to the West.

If this is the current Politburo conclusion, it is a major shift and implies that Moscow gives higher priority to agreements with the West now than to courting and trying to dominate the Third World. Mr. Gorbachev expressed doubts about the cry for "a new world economic order," and said, "this world has ceased to be a sphere in which the big and strong divided into domains and zones of vital interest."

Whatever he means by that, he does seem to think that it would be better for Moscow to help the United Nations function reasonably. That may explain the vote for Mr. Mayor. It is an encouraging start.

The New York Times.

UNESCO: A Long, Hard Fight to the Top

By Victor de la Serna

MADRID — Federico Mayor Zaragoza won his first battle when he presented himself as the "independent" candidate to become director-general of UNESCO and then upheld that definition throughout the grueling, bitter nomination process. He refused to enter any face-saving compromises with Amadou Mahtar M'bow's backers on the organization's executive board.

Now that he is slated to succeed Mr. M'bow, Mr. Mayor's best chance of success is to stay independent and, as he has pledged, devote himself to the task of "returning the secretariat to the level, the dignity and, mainly, the spirit, the strength and the vigor which it traditionally had."

The Barcelona-born biochemist is regarded in Spain as intellectually capable of the task ahead of him, with a sound combination of academic and political experience. There is little doubt here that he is sincere when he says he wants UNESCO to return "to the task of promoting culture, which means promoting freedom." He has refrained from directly criticizing Mr. M'bow, who bowed out of the race in typically venomous style with a letter intended to discredit his rival's standing before the coming general conference. But Mr. Mayor has clearly set out to repair the wreckage left by the outgoing director-general.

Mr. Mayor's one-man struggle may actually help him to succeed. His one source of solid support has been the world's scientific community, including the 12 Nobel Prize winners who signed a statement in his favor. If the remaining Third World countries can be convinced of his independence — as some already are, including China, India, some Arab countries and all of Latin America — then he could be an effective bridge-builder. No one's "official candidate" can realistically hope to lead a

divided UNESCO back to normalcy. A decisive test will be Mr. Mayor's attitude in the vexing dispute over a "new world information order." Spanish journalists recall speeches and articles by Mr. Mayor during his tenure at UNESCO, almost a decade ago, in which he seemed to toe Mr. M'bow's line too closely. Has he outgrown that position? His subsequent political career in Spain, first in a cabinet and later in a party that stood resolutely on the side of press freedom, as well as his more recent stands, give hope.

International Herald Tribune.

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International Herald Tribune.

100, 75 AND 50 YEARS AGO

1887: Alliance Rejected
BLOEMFONTEIN — The Conference between the Presidents of the Transvaal and the Orange Free State has concluded without definite result, the Free State declining the terms of which the Transvaal offers its alliance. The Free State Volksraad has sanctioned the holding of a Conference with the South African Colonies on the Customs and Railway questions separately. President Kruger, of the Transvaal, refuses to participate in the proposed Conference.

1937: The Threat Is Real
WASHINGTON — [Walter Lippmann writes:] To put it bluntly, I came away from Western Europe with the feeling that neither Britain nor France was as yet really imbued with the will to resist the peril which confronts them... It seemed to me that, as compared with the relentless mobilization of men and materials and the ruthless incalculable military morale in Germany and in Italy, the Western democracies were amazingly complacent, distracted, easy-going and wishful... If the democracies are decadent, then the future of the Old World is once more in the hands of warrior castes, and the civilization, as concluded, if, on the contrary, the democracies are not decadent, but give the impression that they are decadent, then the danger may at any time take a very big gamble and make a coup which would be unexpectedly resisted and would plunge Europe into a general war.

1912: Titanic Memorial
NEW YORK — American women propose to erect a beautiful monument at Washington "in honor of the men aboard the Titanic who died so that the women and children might be saved." They have raised \$30,000 and want \$70,000 more. The women's Titanic committee includes Mrs. Taft and all the best known women in the United States.

OPINION

In That Crash, the Age of Reagan Ended

By Anthony Lewis

BOSTON — That noise you heard was not just the crash of the stock market. It was the crumbling of public support for Ronald Reagan.

They were being told again and again that they and their country could have something for nothing, wealth without paying for it. And they did not really believe it.

Mr. Reagan has done to the United States what a president with tremendous political support, one who had Congress jumping to his tune for four years and more. Yet when it came to the economic issues crucial to his country, what did he do with that power? Nothing.



The Day of the Tuxedo Dawns On the Land of the Rising Sun

By Yoshiro Mori

TOKYO — In Japan, like everywhere else I suppose, adults don't have much good to say about young people. We call them "the new species" and regard them as a "me generation" of easy-going, unconventional individualists.

the funeral last week." Little did I know. The day of the dinner, I wondered what kind of suit to wear. The invitation only mentioned the color of the tie, so I checked with the prime minister's secretary. With a surprised look, she informed me politely that black tie meant a tuxedo.

MEANWHILE

informal graduation parties or friends' wedding receptions. I don't know. They really do seem different.

I was born in Ishikawa, a rural prefecture in central Japan. The only formal wear I saw when I was a child were the ceremonial kimonos of adults and the cutaway coat and striped trousers that the school principal wore at graduations and other official occasions.

LETTERS TO THE EDITOR

Canadian Sensibilities On a recent visit to Montreal, my first in many years as an expatriate, I encountered some of the pride and gentleness evoked by Hans Koning in "Living in Montreal: 'Bien Dans Ma Peau'" (Meanwhile, Oct. 9). One is happy to see such a civil city receive such praise.

English is imposed in Toronto. And I wonder about the editor Mr. Koning mentioned who thinks there is "nothing" between Montreal and the North Pole. He was forgetting the several Indian and Inuit nations who get in the way, sometimes quite literally, when large power dams are to be built.

cultural assistant in the U.S. Embassy, he writes: "Today the best one can see in plays and books is a reflection of Western philosophy, Western theater, Western music. So what is particularly Greek? The bouzouki?"

Some real winners. We have resigned ourselves to the fact that any time we move there will be some damage to our goods. But we have just moved to Hong Kong, and when our air shipment arrived we found an inordinate amount of pilferage.

er's ruthless expansionism was replaced by Stalin's, Czechoslovakia, Poland, Lithuania, Ukraine, Yugoslavia, Hungary, Finland, Latvia, Estonia and Bulgaria did not freely elect their governments. Mr. Alexeev should read "The Rape of Poland" by Stanislaw Mikolajczyk to be reminded of how it started.

Reading the editorial "Best Leave Nessie Alone" (Oct. 15), I was reminded of the immortal wisdom of the literary figure most familiar with monster lore, J.R.R. Tolkien, who, when commenting on the monsters in "Beowulf," scolded the critics (and doubters) of monsters.

The writer is a member of the Japanese Diet and a former education minister. This article, from the monthly Chuo Kuron, was distributed by The Asia Foundation's Translations Service Center in San Francisco.

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How Hot Is the X-Ray Laser?

Nuclear Scientists Quarrel Over Effectiveness of the Device

By William J. Broad
New York Times Service

NEW YORK — The former head of arms development at the largest U.S. nuclear weapons laboratory has said that Edward Teller, a scientific adviser to President Ronald Reagan, gave "overly optimistic" and "technically incorrect" information to the highest policy makers regarding the X-ray laser, a nuclear device viewed as important to the Strategic Defense Initiative.

Officials at the University of California, which oversees the weapons laboratory, criticized the statements as a top-secret dispute among atomic scientists rather than a matter of fraud or misrepresentation.

The status of development of the

X-ray laser is important because it could bear on the feasibility of antimissile defense, on the U.S. stance in East-West talks concerning space weapons and on the desirability of a comprehensive ban on nuclear testing.

The debate over the X-ray laser has intensified over the last two years. Dr. Teller and some others involved in this most recent dispute could not be reached for comment.

According to documents made public Wednesday, the scientific charge was made by Roy D. Woodruff, former head of weapons programs at the Lawrence Livermore National Laboratory in California. He resigned his senior management post two years ago but remains a senior scientist at the laboratory. Dr. Woodruff made his charge in a complaint filed with the University of California, which oversees the laboratory with a staff of 6,000 for the Department of Energy.

Dr. Woodruff alleged that from 1983 to 1985 his authority had been undercut by Dr. Teller, the developer of the hydrogen bomb, and Lowell L. Wood Jr., leader of the team that invented the X-ray laser at Livermore. He said the two scientists had "conveyed both orally and in writing overly optimistic,

technically incorrect statements regarding this research to the nation's highest policy makers."

In theory, the top-secret device is meant to channel the power of a nuclear explosion into powerful beams that would flash across space to destroy enemy satellites or missiles. Experts are divided on whether the goal is feasible; some say perfecting the device could take dozens to hundreds of underground nuclear tests over the years and perhaps decades.

Dr. Woodruff also charged that Livermore's director, Roger E. Batzel, knew of the misrepresentations and refused to allow the record to be set straight, putting Dr. Woodruff in "an untenable position" that forced him to resign as head of the weapons program in October 1985.

According to the complaint, Dr. Batzel punished Dr. Woodruff for his dissenting views by discrediting him, forcing his demotion and denying him a pay increase. The grievance, filed April 3, was sent to David P. Gardner, president of the University of California. Among other remedies, it seeks higher position and pay for Dr. Woodruff.

Dr. James Kane, an official at the university who investigated Dr. Woodruff's charges, said they "re-



Edward Teller

sulted from a valid difference of opinion on both technical and management philosophy among highly experienced and highly respected scientists," according to a statement issued by the university.

Rickard Malaspina, a university spokesman, said: "Teller and Wood were optimistic about the laser's feasibility. Woodruff was not."

On Wednesday, the university said the personnel grievance was still under review. Copies of Dr. Woodruff's grievance were released to reporters by the Southern California Federation of Scientists, a private, Los Angeles-based group that said it had received them from an anonymous source.

Moscow Downgrades New Aircraft Carrier

By Robert C. Toth
Los Angeles Times Service

WASHINGTON — The Soviet Union's largest aircraft carrier is being modified to accommodate only "jump jets" and helicopters rather than high-performance aircraft such as those that fly from U.S. carriers, intelligence and private analysts here say.

The unexpected change to a "ski jump" flight deck on the carrier Leonid I. Brezhnev, being built on the Black Sea, coupled with cuts in Soviet shipbuilding programs and naval exercises around the world, has confirmed to most experts that the carrier's mission is being scaled back to plans for a "blue water" navy that can project power in Third World conflicts, they say.

Instead, the Soviet Navy appears to be stressing defensive operations close to home.

The roughly 15-percent drop in out-of-area deployments this year, which was the first sharp decline after decades of growth, came as quite a shock to everyone who watches these things," one naval intelligence analyst said. "It implies the Soviets see bigger problems closer to home, and are focusing now less on the Third World than on their 'first' world."

Analysts see various reasons for the change. Mikhail S. Gorbachev, the Soviet leader, may wish to economize on his navy's fuel bills, for example. Personality changes in the military hierarchy and the U.S. Navy's more aggressive, "forward" strategy, which calls for fighting the Soviet fleet close to its home ports in a war, also may help to account for it.

But the reduced number of ships and submarines coming down the slipways of Soviet naval yards in recent years indicates that the change probably began in the final years of the Brezhnev era.

No major impact on the U.S. Navy's strategy or on its goal of 15 carrier battle groups — there are 13 now — is expected because of the Soviet strategy change. The U.S. Navy has always been the "power projection" force of the United States as well as the protector of its sea lines of communication and commerce. Michael McQuire of the Brookings Institution said.

The carrier Brezhnev is remarkable not only because of the modifications to it but because, technically, it should not be allowed to leave the Black Sea.

The Montreux Convention of 1936 bars "capital" ships from passing through the Bosphorus, which connects the Black Sea to the Mediterranean. Aircraft carriers are not named in the treaty, but

they are the modern equivalent of battleships, which were the premier capital ships before World War II.

With an obvious eye to that treaty, the Soviets have begun referring to the Brezhnev as an anti-submarine warfare cruiser. This same description won't permit the carrier to pass through the straits, for the Kiev, which is only half the size of the 65,000-ton Brezhnev and which also has vertical and short-takeoff and landing aircraft.

The Brezhnev would have been the first conventional carrier in the Soviet Navy. Sea-based, high-performance aircraft from the deck of a conventional carrier provide air cover beyond the range of land-based air defenses.

Unlike U.S. carriers with fixed-wing, high-performance jets that are catapulted into the air and require about 600 feet (180 meters) of deck to land, the Brezhnev will be just a bigger version of the Kiev, its jump jets take off by racing up its tilted nose. They land almost vertically.

The British pioneered the ski jump concept, which provides 40 percent more range or payload for the aircraft, and proved its feasibility during the 1982 Falklands War. That may have persuaded Moscow to modify its plans for the Brezhnev, according to Floyd D. Ken-

edy, the maritime editor of National Defense magazine.

But while British jump jets were effective against Argentina's older, land-based aircraft, which had to operate at the limits of their range, they would be severely tested by the faster, more sophisticated aircraft of the kind based on U.S. carriers.

"The Brezhnev now will not be a good power-projection vessel," Mr. Kennedy said.

Yugoslavia to Establish Human Rights Agency

BELGRADE — The government will establish an official commission to investigate alleged human rights abuses in Yugoslavia, state-run news agency said Wednesday. The move was believed to be a response to the formation of a private human rights group last month by leading Yugoslav intellectuals.

Tanjug said the official commission would be made up of prominent Yugoslavs, but did not identify them. The commission will be answerable to the Socialist Alliance, an organization led by the country's Communist Party, Tanjug said.

U.S., Greece to Discuss Bases

Readers

ATHENS — Talks between the United States and Greece on the future of U.S. military bases in Greece will begin Nov. 9, the government said Thursday. The current bases agreement, covering four main bases and 20 smaller installations, was signed in 1983 and is due to expire at the end of next year.

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TRAVELER'S CHOICE

Cairo's New Underground Railway

Cairo now has a subway, the first in Africa, and the first in the Middle East as well. The 17-mile stretch, which began carrying passengers at the end of last month, is the first section of the first leg of a system that will have three legs and connect the city's suburbs to downtown. Cairo is a commuter's nightmare, with rush-hour traffic sometimes forcing a driver to spend an hour traveling less than 10 miles. The subway system is expected to alleviate some of that crush. The first stage of the new line runs from Helwan, an industrial suburb south of Cairo, to Ramses Square in the center of the city.

Hard Words for Women Travelers

And now, a phrasebook for traveling women. In addition to the usual translations like "How do I get to...?" or "How much does it cost?" "The Wander Woman's Phrasebook" teaches a traveler to say "Is it safe for a woman by herself?" or "I won't buy anything if you pester me" and "Would you like to walk in the moonlight?" in French, German and Italian. The author, Allison Owings, a television news writer who has traveled widely, said that the book was meant to give peace of mind to women — single or in groups — traveling abroad. She translated phrases like "I'll call the police" and "I would like to get home safely." But there's also a strong bit of tongue-in-cheek here. Consider these phrases: "I'm not interested," "Stop following me," "You are an insult to your country." From bookstores or by mail (\$7.64 including postage) from Shameless Hussy Press, Post Office Box 3092, Berkeley, California, 94703.

Japanese Maze Craze

The Greeks had a sinister use for them; Tudor gardeners thought them decorative. Now the Japanese, the world's most avid and dedicated tourists, have revived mazes as a means of entertainment for the visitor to Japan who longs for confusion amid all the order. Thousands of people, day after day, are finding themselves trapped like laboratory rats in miles of labyrinthine paths, scampering this way and that, turning and returning, dead-ending and false-starting, seeking to escape from a race against time. And they pay for the privilege. "The purpose," said Mary Jayne Testa, a spokeswoman for the Japan National Tourist Organization, "is sheer pleasure, not." Apparently so. A lot of people are willing to pay the \$3 fee that most of the 20 or so outdoor mazes charge. The owners of one maze expected 5,000 people their first year (1986) and attracted 380,000. Another maze set a record of 7,490 wanderers on a single day last year. "The object," Testa said, "is to get through the maze as fast as possible." On average, it takes 45 minutes to escape or give up. Each maze has a theme — such as the Paris-Dakar Rally Maze in Tokyo and the Sherlock Maze in Osaka.

Vatican Coin and Stamp Museum

The Vatican has opened a museum of coins and stamps in the Borgias Tower, accessible through the St. Ann entrance to Vatican City. On view are papal coins dating to 1929 and stamps issued by the Vatican since 1850. The museum will also exhibit tools and materials used in making coins and printing stamps. It is open Tuesday, Thursday and Saturday from 9 A.M. to noon, except on Roman Catholic feast days. Admission is free. Vatican stamps and coins can be bought either at the Philatelic and Numismatic Office in the Governor's Palace or the Vatican Post Office on St. Peter's Square.

Winter Weekends on the Riviera

The French Riviera began its history as a tourist center as a winter retreat for rich English people fleeing the rain and fog at home. Average high temperatures in Monaco, Nice and Cannes are in the 50s and low 60s and there is usually lots of sunshine. Now the French are making an effort to relaunch the idea to the American traveler. From November through March, Air France is offering a long-weekend package that includes round-trip air fare and choice of two hotels. Flights leave New York every Thursday, returning the following Tuesday. The package includes four nights at either the Loews Monte Carlo or Loews La Napoule near Cannes. Continental breakfast and a dinner and show. Price: \$779 a person. The airline is also offering "Monte Carlo Magnifique," a one-week stay in Monaco, including round-trip air fare, rental car for a week and Continental breakfast for \$949.

Mass Musical Chairs in Singapore

After getting a premier, a cat, a choir, a runner, a hotel and a violin in the Guinness Book of World Records, Singapore hopes to get in again, for musical chairs. The Singapore Tourist Promotion Board says that it will stage a mass event with 6,000 people on November 15 to upstage the 1985 record of 5,151 people by Notre Dame University of the United States. The mass musical chairs will be the highlight of this year's Merlion Week, a week of outdoor activities aimed at tourists from November 14 to 22 and ending with the World Powerboat Grand Prix. The musical chair contest could last up to four and a half hours with 100 chairs removed each time the music stops and with three-minute intervals until the numbers are down to 100 chairs. An organizer said that from the last 100 chairs, only one chair will be removed at a time. The starting number of chairs is 5,000.

Best Business Hotels Guide

The term "business hotel" conjures up visions of those soulless temples of glass and concrete, their long empty corridors lined by little boxes and bathrooms, where weary whiz-kids put themselves away in boring uniformity after a hard day's jetting and dealing and before the next. People use these places because they are "convenient" to airports or convention centers, and offer, say, the computer linkups and other services a modern business traveler may require. A new guide, "The World's Best Business Hotels" (published in Britain by Bloomsbury) selects more than 500 establishments in 84 countries which, at varying levels of fame, cost, size and luxury, avoid the worst of that syndrome, including the curse of what it calls the "boisterous conventioners" who tend to take over a place. Too many travel guides, says the editor, financial journalist William Davis, are written for tourists and ignore details vital to business travelers. His guide gives a small sketch of the facade or some characteristic detail of each hotel (a terrace at the Great Wall Sheraton is shown here) and lists such facilities as tele, interpreting, conference rooms, sauna, massage, and health clubs. It also carefully pinpoints the location.



Seeing Europe Through Scaffolding

by Steve Schneider

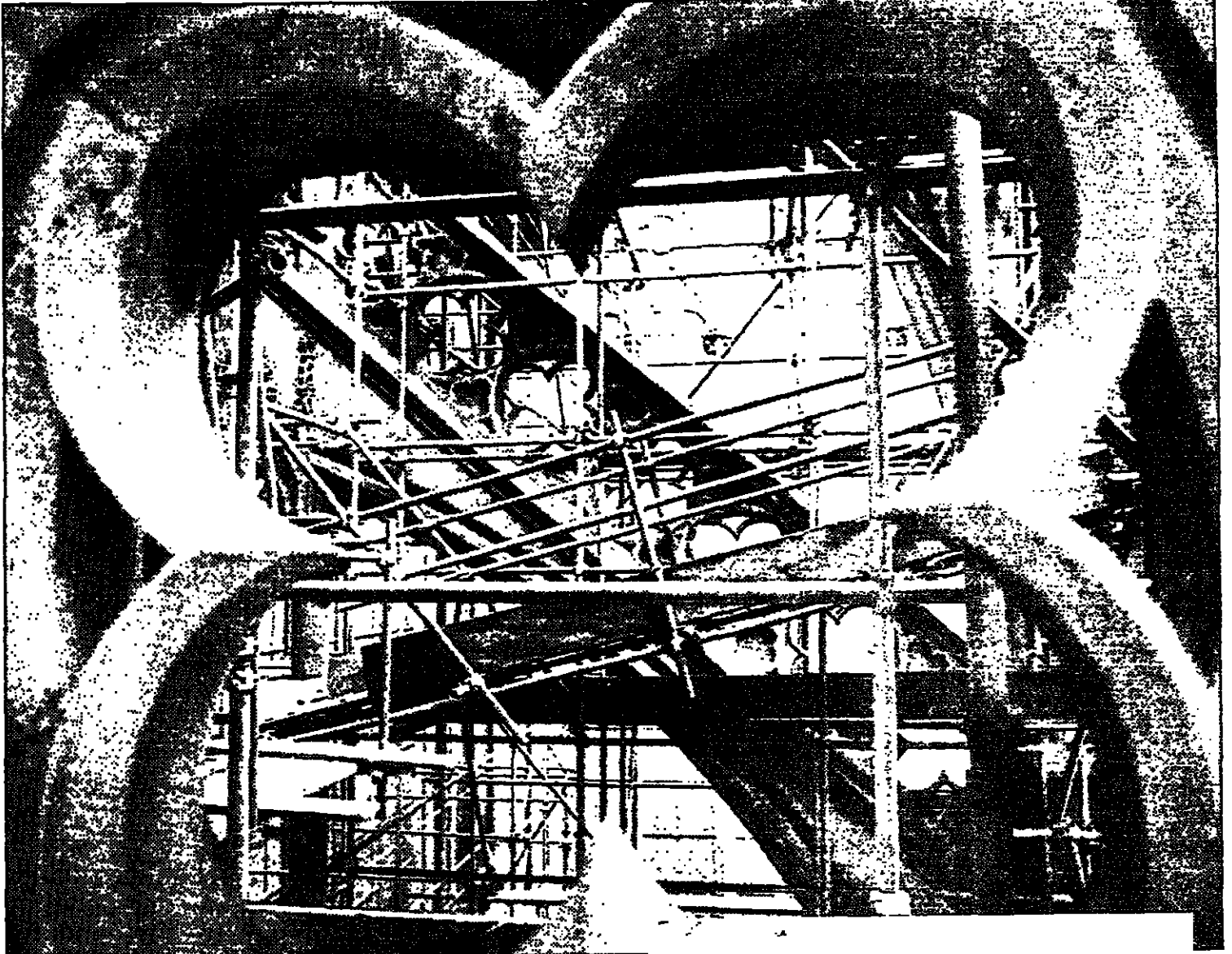
CROSS a border of any sort, and the world is largely invented anew. Restaurants may exist everywhere, but menus, fork designs and waiter's outfits make regional shifts. Mountain ranges display individual profiles, while pant legs never fall to the same length. A smile is a smile in one land, but a smirk in another. A timetable turns into an horaire even while describing the same line. An Austrian oboist plays in his own patois, sidewalks vary radically in width and even copies of Raphaels subtly betray the paw prints of their copycats.

Yet, there is one thing that ties together the traveler's mad flux of experience, an unavoidable something that gives the wildly variable world a measure of coherence. It is an anonymous and reticent presence, and one that is forever taken for granted. Yet it represents the fruit of centuries of widespread development. In fact, I seem to remember seeing, in Vienna, an illuminated manuscript called "The Moralizing Bible" that dated back to the distant 13th century, and even then, it was there: One large and elaborate illumination took its glory from its intricately detailed rendering of a scaffold.

This was, of course, a tumbledown wooden structure — wantonly shedding aghast workers in illustration of an accident at a building site — and as awkward an ancestor of the sleek modern models as an oxcart is of a Chrysler, with options. But there it was, a scaffold stiff and tall, put in place by its crafty illuminator as a point of reference for his viewers, so that even this frightful image would contain something familiar and could therefore be received with empathy. This was created by one artisan who knew what it took to make his work mass marketable in those medieval days. In fact, it's a trick that is returning to favor among photographers today: Increasingly, tourist brochures, official postcards and the like sport pictures of city vistas in which scaffolds rise meter for meter with the town's preeminent towers and spires. The wondrous coexists with the familiar. Astonish them with architecture, these pictures say, but also reassure them that they have not quit the known world.

These reflections were prompted by a recent trip to Prague — that unsinkable city where the richness of the past italicizes the impoverishment of the present. After walking through the black and massive stone towers that serve as a gate to the old town, my gaze fell on a nearby building, and I found myself struck with the thought, "Ah, I didn't know Christ had a project going here." Soon enough, it came to me that he didn't, and that I was looking up with admiration at the taut curtains of nacreous plastic that enfold some of the more advanced forms of scaffolding.

IT'S about time that admiration became a permissible response to the sight of scaffolding, a tolerable alternative to the more customary indifference, scorn or loathing; indeed, it is in our best interest to adapt, for in weather-beaten old Europe, scaffolding springs eternal. The ornate cathedral of Cologne has known scaffolding for more than 25 years, as its highly friable sandstone falls to pieces, ogival arch by ogival arch. In Spain, Palma de Mallorca's Lonja, the much-visited 15th-century Gothic marketplace, has been wearing a bathrobe for the last six months, and the cathedral in Granada is similarly shrouded. But scaffolding gives, as well as takes away. The Nelson Column, in London's Trafalgar Square, is due to make a proud reappearance at the end of the month, after nine months of scaffolded renovation; likewise Big Ben, following over two years of grooming, now looks its nattiest since 1934, when it last came out from under covers. In Florence, the Loggia della Signoria, the great outdoor sculpture theater, is outdoors no longer. But the stately 14th-



The Associated Press

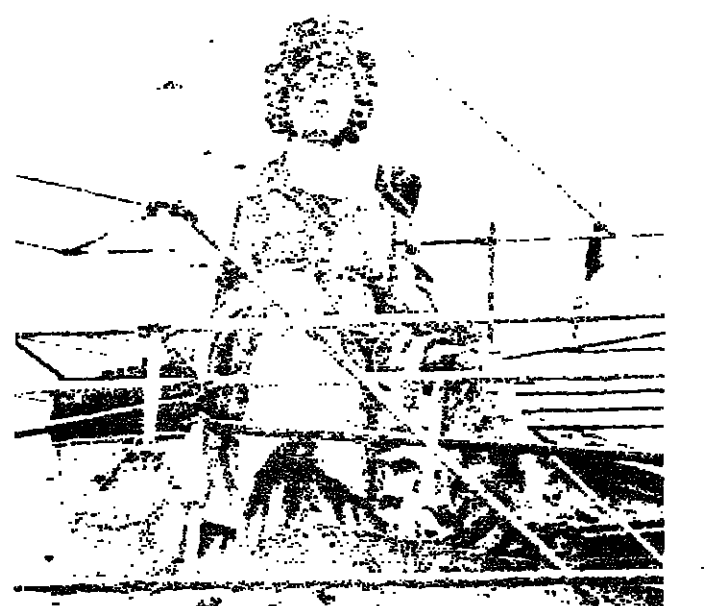
century tower of the Bargello Palace has recently returned as an embellishment to the skyline, not an embarrassment, after a three-year rest cure.

Yes, if we could put aside our ancient resistance, we would see that there is much to gain by a thaw in traveler-scaffold relations. Like many overlooked things in the everyday environment, scaffolds can, if properly considered, both edify and entertain.

To begin with, scaffolds embody many key features in the development of Western art, containing formal allusions that span centuries. They are museums by themselves. For example, in their regular rhythms of posts, lintels and bays, scaffolds can be seen as perfectly realized expressions of the neoclassical spirit — all clean lines and noble proportions. And scaffolds' insistent use of verticals and horizontals was clearly a seminal influence on the work of the revolutionary Dutch artist Piet Mondrian, indeed of the entire De Stijl group.

Still another 20th-century school, Constructivism, acknowledged its debt to scaffolding in its very name — as if its devotion to metals and geometric reductions were not tribute enough. Similarly, the design of the popular Pompidou Center in Paris, with its tangled exoskeleton of escalators and struc-

Scaffolds embody key features in the development of Western art, containing formal allusions that span centuries. Above, scaffolding at the Cologne Cathedral and, right, the statue representing the city of Rouen at Paris's Place de la Concorde.



Doris Guel

Continued on page 8

A Walk in Mountains Where Beaufort Is Made

IT IS sunrise of the 110th day, just after the feast of St. Michael, and on the slopes of the Versant du Soleil everyone is eager to get on with it. A majestic veil of mountain fog hovers about the Savoyard chalet and steam rises from within, as the copper cauldron of fragrant, fatty cow's milk churns above a crackling fire.

It is the final day of the season, and the last time this year the montagnards will be

PATRICIA WELLS

making butter-yellow Beaufort, the prized alpine cheese that has been called the king of the mountain, the pain of Gruyeres. At 1,700 meters (5,570 feet), a carpet of ground frost is a sign of approaching winter. The montagnards who have spent the summer and early fall here feed it, the farmers who have come up from the valleys feed it, and the hazelnut-brown cows that have just completed their summer mountain "cure" feed it. It is the moment of the fall transhumance, the daylong trek from the mountain pastures down to the warmth of the barns in the lere valley.

As Beaufort tradition dictates, independent farmers with 10 or 12 cows each group them from late June to early October, and

the Tarine and Abondance cattle rove in herds of 100 or more from mountain pasture to mountain pasture, feasting on wild violets and flavorful thyme, grasses that help produce the milk that goes into one of France's finest cheeses. And for those 100 to 110 days each year the montagnards live with them, up at 2:30 A.M. for the morning milking, then to make the giant wheels of cheese, and to repeat it all once more before the sun sets.

LATER, the 60-kilogram (132-pound) cylinders of Beaufort will be transported to the cooperative in town, where the cheese will rest not for days or months, but up to three years. The wheels will be rubbed with salt every three days, turned twice weekly, resting on dry pine planks at 11 degrees Centigrade (about 52 Fahrenheit). At its finest, the Beaufort will taste faintly of hazelnuts, of fruit and fresh mountain flowers. There will be no holes, just fissures, and on the tongue it will break cleanly and clearly, with a pleasantly grainy texture.

Beaufort is also a rare cheese, representing only 1 percent of all French Gruyere. Each year, France produces some 190,000 tons of Emmental, but only 2,500 tons of Beaufort. (Unlike Switzerland, whose Gru-

yere valley is the source of the name, in France Gruyere is a generic name applied to a family of cheeses including Emmental and Beaufort.)

By 7 A.M. of the 110th day, the descent begins, and we move off in compact groups, three or so farmers with every 20 or so cows. For most, the walk will take the better part of the day, covering 25 to 30 kilometers of descent from fog into brilliant sunshine, the deep navy-hued mountains to our back. Through pine forests and across raging mountain streams, we pass patches of wild myrtilles, or blackberries, examine the debris that remains from a pack of wild boar, step upon tender clumps of the bitter, wild dandelion greens that grow in abundance.

At times the paths are ready-made and we move with ease. Then suddenly there is no path at all, and we stumble along at a gait that is more a run than a ramble. Who is leading whom, one wonders, as the cows eagerly beat a path back home.

By 9 A.M. we begin to shed layers of clothing as the sun burns off the fog, and in a pasture dappled with tiny purple crocuses we stop for a multicourse communal snack. Out of worn leather backpacks come bottles of white wine and red, thin wands of homemade pork sausage and slices of

mountain ham and Beaufort d'alpage, wrapped in yellowing newsprint, baguettes and pain de campagne, tins of pate and bars of bittersweet chocolate. The farmers, young and old, male and female, chat away, tossing snacks to the family dog that has come to shepherd us.

THROUGHOUT the day, conversations stop and start, cut short by a wandering cow, a thirst-quenching stop in a village, a moment to admire a well-built community bread oven.

The setting is calm and bucolic, but there is an uncomfortable undercurrent. The communal mood, the thoughts expressed and unexpressed are those of discontent, confusion, even betrayal. André Roux-Daigue, the small, dark-eyed farmer who has brought us to this mountain, is typical of many 20th-century farmers caught in a squeeze of generations, of conflicting values, lifestyles and goals.

The problems are many. For his father's generation, arguments still revolve around the question of artificial insemination of the family cows, the worthlessness of daylight saving time, and the dangers of mechanical milking machines, issues most city folk thought were solved decades ago. While the young Savoyard farmers try to defend their newfangled ways to their fathers — mechanical milking machines were brought to the mountain pastures this summer, and bottled gas, not pine logs, is used to heat the copper cheesemaking cauldron — they are struggling with even more basic issues of survival.

Quite simply, no one wants to do this work anymore. Offers of free schooling for young men who want to learn cheesemaking go begging. The long days and remote life of the montagnard no longer appeal to youngsters who reject the lifestyle as archaic and who would frankly rather be skiing. Up on the Versant du Soleil this summer, one cheesemaker came from North Africa, and in the valleys below the farm hands come from Portugal. What do these men, say the locals, know about our Savoyard tradition?

And now the government, in the name of the European Community, is beginning to talk of quotas. Meaning if you want to make more money by increasing your herd or boosting milk production, you are simply not allowed to.

"Too much milk! Too much milk! That's all we hear," cries André Roux-Daigue, angered at the thought that the rich, golden raw mountain milk produced by his prized

Tarines is compared to the thin, watery liquid of the black and white Holsteins that are beginning to show up in Savoy mountains.

"They're not cows, they're milk machines. Besides, they're foreign," he sighs in disgust, repeating the rural French adage "Il faut chauffer du bois du pays," use local wood to keep the fires going.

WHILE his father's generation saw the battle of their region against the lowlanders in Paris, the young men now see the enemy as farmers in Germany and Spain.

Like his neighbors, Roux-Daigue practices mixed farming: Orchards of apples and walnuts supply a portion of the family income, while in the winter months his mother continues to make, twice a day, the small rounds of tomme de Savoie that age in their cellar. This year their summer mountain Beaufort, aged at the cooperative, sold so rapidly there is none left on the shelves.

Although one part of him wants to continue the quiet rural lifestyle of his parents, another part looks toward the growing tourism of the region. A cheese boutique, a snack shop for skiers, a roadside creperie are on his mind.

The transhumance continues, moving into the valley, passing rich vegetable gardens with winter leeks and cabbage, bright orange pumpkins and rows of tender greens. We hike to a symphonic clang-clang of cow bells, stop traffic in the town of Montiers and move back up the other side of the valley toward home, the cows stopping to grab the ripe reinette apples off the trees and search for wild flowers in patches of pasture. Along the way, a slim young woman in a bright red car stops to let the cows pass. In her back seat is a six-pack of low-fat milk — the kind with a 100-day shelf life. The contrast, and irony, do not go unnoticed.

André Roux-Daigue, "Les Empret," 73260 Aigueblanche; tel: 79.24.23.25. At the farm, for Beaufort and farm-made tomme de Savoie.

Coopérative Laitière du Beaufortin, 73270 Beaufort-sur-Doron; tel: 79.38.33.62. Beaufort sold at the cooperative. Will ship in France.

Coopérative Affinage Beaufort, Avenue de Tarentaise, 73210 Aime; tel: 79.55.61.68. Beaufort sold at the cooperative. Will ship in France.

Priority to the cows in the Savoie.

TRAVEL

Baffin: The Last Northern Frontier

by David Leitch



There's not much of the traditional life left.

THE FREQUENT TRAVELER
A Few Nasty Surprises
In Rental Car Insurance

by Betsy Wade

NEW YORK — On March 6, Michael Weiner, a 21-year-old Columbia engineering student, went to Florida for a vacation and rented a car there. His father, Frank J. Weiner, a lawyer in Boston, had selected Value Rent-A-Car for Michael because it was then offering a rate of \$129 a week, with payment for the collision damage waiver included. The collision damage waiver, usually with an extra cost of perhaps \$9 a day, is not insurance, all rental companies insist, but merely waives their right to recover from the renter the cost of any collision repairs.

IT BECAME clear soon after takeoff from Ottawa that we were heading for a Last Frontier when two men in lumberjack shirts sitting across the aisle ordered steak and eggs washed down with Wild Turkey for breakfast.

About two-thirds of Iqaluit's population are Inuit and all but a handful live in co-op housing developments. The days of nomadic life dictated by the seasonal habits of Arctic wildlife are gone, but by no means so long gone that they do not survive in the memories of those of middle age, often via accounts heard from parents or grandparents.

There are three weekly flights "from the south," by which they mean temperate Iqaluit, and an annual seallip from Montreal in August, or when ice conditions permit.

Europe in Scaffolds

Continued from page 7
tural supports and tubes, is nothing so much as a celebration of our instinct to surround ourselves with scaffolding — scaffolding in its most useful form, sweeping and slashing across an otherwise humdrum facade.

Visiting Geneva? You Can Commute to France

GENEVA — Many people would say one of the best things about living in Geneva is that it is nearly surrounded by France. The Swiss, with their long history of conflicts and enmity with a neighboring territory, might not agree.

The town has some very good hotels and restaurants. Les Grands Hôtels is situated in an old park and has 135 rooms ranging in price from about 470 to 1,000 French francs (about \$78 to \$165).

Yvoire is completely medieval French provincial, a treat for the Francophile's escapist fantasies nurtured in the unforgiving dour shadows of Geneva's towers and well-swept, expensive but sterile streets.

DUTY-FREE SHOPPING PARIS 1st GRILLOT UP TO 40% DISCOUNT... HOLIDAYS & TRAVEL FLIGHTS LONDON EUROPEAN AIRWAYS

Genevois who are not of this place but only part of it by their professions or their choice to live here often tend to regard it as a base for further exploration. A friend describes Geneva as a city one can define for what it is not, in this case not a self-contained world of its own like Paris or London or New York despite its cosmopolitan air.

Yvoire is completely medieval French provincial, a treat for the Francophile's escapist fantasies nurtured in the unforgiving dour shadows of Geneva's towers and well-swept, expensive but sterile streets.



The church and town square in Yvoire.

London: 44-1-328,4000 - Brussels: 32-2-647,3535 Amsterdam: 31-20-48,21,26 - Dublin: 353-1-774472

Thomas Netter, a journalist based in Geneva, is joining WHO.

Why do we fly to more countries in Asia than any other airline?



FRIDAY, OCTOBER 23, 1987

ECONOMIC SCENE

Pigs Gorging at the Trough — And Other Drucker-isms

By JONATHAN PETERSON

CLAREMONT, California — To Peter F. Drucker, the celebrated observer of corporate America, Wall Street traders are like "Balkan peasants stealing each other's sheep" whose lack of restraint made the recent stock market plunge inevitable.

"I expected it somewhat earlier," he says, "and not for economic reasons — but for aesthetic and moral reasons. The last two years were just too disgusting a spectacle. Pigs gorging themselves at the trough are always a disgusting spectacle, and you know it won't last long."

Mr. Drucker is a professor at Claremont Graduate School and is viewed as a luminous intellect and a pioneer in the study of modern management. At 77, he wears two hearing aids but appears vigorous, and just returned from a trip to China. He has written more than 22 books, mostly about how companies should be led and run. He made his comments on Wednesday, the same day that Claremont dedicated its graduate management programs in his name. He plays down his knowledge of the stock market, but makes clear that he has strong convictions about it, nonetheless.

"With this kind of behavior you need almost nothing to set off a panic," he says, "especially if nobody in the [Wall Street] crowd uses what he has between his ears — if they have anything."

A former securities analyst himself — the Vienna native worked as a young man in London and Frankfurt — Mr. Drucker describes Wall Street brokers as "a totally non-productive crowd which just is out for a lot of easy money. When you reach the point where traders make more money than investors, you know it's not going to last."

He stresses two points in particular: that any speculative bubble must burst, and that the experience of many youthful brokers has been an important factor in the recently unstable market.

"The average duration of a soap bubble is known — it's about 16 seconds," Mr. Drucker says. "Then the surface tension becomes too great and it begins to burst. For speculative crazes, it's about 18 months."

THE RECENT bull market lasted five years. To many observers, however, the speedy appreciation of stock values during the last two years had seemed out of line with economic fundamentals, therefore threatening a collapse.

The bubble had to burst, Mr. Drucker says, "partly because there is no foundation there, partly because there is no thinking here, and partly because their horizon has become the next 10 minutes. And then anybody who cries 'fire' sets off a panic. You don't even have to cry 'fire.' If somebody leaves the house, they — traders — suspect there is a fire."

Mr. Drucker pioneered modern corporate analysis with his book "Concept of the Corporation," published in 1946, which focused on General Motors Corp. During his lengthy career, he has worked as a newspaper reporter, banker, writer, consultant and teacher. He joined the Claremont graduate faculty 17 years ago, and has taught about oriental art at the undergraduate level.

He speaks critically yet sympathetically about the many young rosters who profited mightily from the market, but who had no experience to guide them through the recent financial tempest.

"When you look at who dominates the scene, they are mostly people who weren't there five years ago — and have absolutely no judgment." He notes that they "keep endless hours, but that is at the same time as doing any thinking or doing any work."

The scene is dominated by young people who have absolutely no judgment.

Bloody and Broken: Traders Battered Senseless by the Bear

By Debra Whitefield and Eileen V. Quigley

NEW YORK — At Bateman Eichler Hill Richards in Los Angeles, young brokers were so shocked by the stock market turmoil that "they're frozen; they can't do their jobs," said Thomas Adkins, an executive vice president. He has spent much of the last few days "giving them a lot of couch time to talk them through it."

In Philadelphia, a veteran broker said he was "hurting deeply" and "seriously considering" throwing in the towel. He urged a reticent client to buy stock options, and the client lost so much money this week that he has put his house up for sale in order to pay off the losses.

And in Birmingham, Michigan, a broker said he was so paralyzed by the market crash on Monday that he was incapable of getting up for work on Tuesday.

The fear and panic that have gripped Wall Street this week are taking their toll on emotions just as surely as on pocketbooks. Even veteran brokers and traders are tired and frazzled, and many newcomers to the financial markets are scared, distraught, even immobilized.

"I am seeing some very battered brokers," a veteran stock market analyst said. "We have yet to fully evaluate the emotional trauma and the anxieties this market has brought on."

Psychologists are not surprised. "Often the response is paralytic," said Judy G. Barber, a psychotherapist in San Francisco who specializes in the psychology of money. "I think people are really fearful and confused, and it's preventing them from making decisions."

Brokerage executives are so concerned about the Wall Street equivalent of stage fright that they are offering psychological counseling, meeting frequently with new recruits, setting up buddy systems between veterans and newcomers, and leading impromptu cheerleading sessions over their nationwide internal broadcasting networks, better known as squawk boxes.

At Butcher & Singer, a regional brokerage in Philadelphia whose executives normally speak to employees via the squawk box twice daily, there are now pep talks every hour. And at Prudential-Bache, the chief executive, George L. Ball, and other top officials have been reassigning employees on the squawk box virtually around the clock.

"I was feeling a little unmoved" after two clients suffered big losses and pulled their accounts, said John McCargar, a broker for three years in the Prudential-Bache office in Long Beach, California.

"But then some of the veterans in this office who have been through brokers before started talking to us about how to handle it," he said, "and our managers started giving



A trader keeps a weary eye on the New York stock ticker.

Testing Limits in London, Frankfurt

By Warren Getler and Ferdinand Proetzman

The wild gyrations in share prices have left stockbrokers and traders in London and Frankfurt with a severe case of market whiplash.

In the equity-trading room of Phillips & Drew, one of the top London-based brokerage firms, faces on Thursday were drawn.

"We're all a bit shell-shocked," said Paul Wedge, a 32-year-old trader. "We've never seen wild swings of 200 points on the share index in a single day; prior to this week, the norm had been moves of about 25 points on the day."

"It's really not a sustainable situation," he said. "Most people have been working far too long this week; it's begun to affect their personal lives, and it will begin to affect business."

In Frankfurt, the story was much the same. Although the Frankfurt Stock Exchange, West Germany's largest, has not experienced the magnitude of frenzy seen on Wall Street or in Tokyo, the market collapse on Monday and the violent price swings of the last three days have frayed brokers' nerves and pushed the exchange's computer system close to its limits, market participants said.

"There really is nothing in my career to compare this with," said a senior broker for a major German bank. "The tension is both mental and physical."

automated trading system broke down for two hours on Wednesday.

The computer system on the Frankfurt exchange was also pressed to keep up with the volume of business, brokers said.

"With everyone putting orders into it as fast as they could," a German said, "there were delays, but nothing very severe. It's not nearly as tough on the machines as it has been on the people. Everyone is exhausted. Peoples' nerves have been worn very thin."

"It's been insane," said a broker for another German bank. "No one has been carried off the trading floor like in New York, but the stress level has been very high. Some colleagues who quit smoking cigarettes are smoking like crazy now."

The effects of the stress is very difficult to quantify, according to psychologists. "The reactions have probably covered the entire spectrum of stress reactions," said Horst Mayer, who heads the stress research institute at Heidelberg University. "These range from heart attack and catatonia to being slightly irritable at home. Stress hits every individual differently."

In the current market situation, Mr. Mayer said, the reaction would most likely be one of two extremes. Market participants either become "hyped," he said, feeling a surge of energy that makes them feel they can overcome any problems, or they could react defensively, with their blood pressure and blood sugar levels declining, leaving them feeling weak and unable to cope.

While the markets remained violently erratic on Thursday, the atmosphere at Phillips & Drew in London was subdued. "After the violent swings that we've seen in the market this week thus far," said Geoffrey Redmann-Brown, a director there, "what further emotion can you throw at the situation to let off steam?"

Currency Rates

Table with columns for various currencies (USD, DM, SF, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (GBP, JPY, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (CHF, NZD, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (AUD, CAD, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (HKD, SGD, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (TWD, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (KRW, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (THB, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (MYR, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (IDR, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (PHP, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (VND, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (LKR, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (INR, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (BRL, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (RUB, etc.) and their exchange rates against the dollar.

Table with columns for various currencies (CNY, etc.) and their exchange rates against the dollar.

NYSE Floor Specialists Take Huge Losses — Up to \$750 Million

By Robert J. Cole

NEW YORK — All 52 specialist firms on the floor of the New York Stock Exchange lost money during the enormous sell-off on Monday and Tuesday, possibly as much as \$750 million, trying to maintain an orderly market, according to John J. Phelan Jr., chairman of the exchange.

After the Dow Jones industrial average had advanced 186.84 points on Wednesday, he added, "I think the losses were probably cut in half today."

One firm alone lost \$40 million, he said, the biggest individual loss. Specialists are traders or firms who specialize in one group of stocks, not necessarily within the same industrial sector.

Another firm, A.B. Tompans & Co., which was understood to have lost as much as \$20 million, was forced to merge with Merrill Lynch & Co. The takeover of Tompans, which handles such stocks as USX, Royal Dutch Petroleum and Sterling Drug, would give Merrill a specialist's role for the first time.

Three other firms, Mr. Phelan said, lost so much money that they had to arrange bank financing for additional capital.

Mr. Phelan declined to identify any of those firms by name or to estimate total losses. But he said that the average loss approached \$10 million to \$15 million, thus placing overall losses as high as \$750 million. As for Tompans, Mr. Phelan said: "One of

the reasons for their losses was that they performed so well. They provided more liquidity to the market than they should have."

Leading Wall Street houses and officials whose companies' stock is traded on the NYSE gave the specialists exceptionally high marks.

"I don't think they're the people to drag out and shoot," said Joseph S. DiMartino, president of Dreyfus Corp., a mutual fund

because, as one put it, "They were afraid." Asked whether the specialist system may have somehow failed to work well, Donald Stone, vice chairman of the exchange and a senior partner of Lasker, Stone & Stern, a leading specialist firm, said: "That's absolutely untrue, unfair and inaccurate. The exchange's specialist system never worked more effectively than during the crash. This was the only market in the country where there was an opportunity to set securities."

"I was in combat during World War II," he said, "and the feeling you had in your stomach, except here you didn't risk your life — just all your assets." On Monday, he said, he traded more than a million shares of Johnson & Johnson, and on Tuesday another 1.2 million shares, committing some \$75 million in just that stock.

Mr. Phelan, stressing the importance of keeping the market open so that people could buy and sell, said, "Had you shut down, it would look like the entire financial mechanism had been paralyzed and couldn't deal with the problem. By staying open, it gave people confidence that the system was functioning and at some point would stabilize and recover."

As part of the gallows humor, orange buttons saying "Don't Panic!" showed up Wednesday all over the stock exchange, particularly on the trading floor. Federal Express was giving them out at storefront locations as a promotion.

'One of the reasons for Tompans's losses was that they performed so well. They provided more liquidity to the market than they should have.'

— John J. Phelan Jr., NYSE chairman

Interest Rates

Table with columns for various interest rates (30-day, 90-day, etc.) and their values.

Table with columns for various interest rates (1-year, 2-year, etc.) and their values.

Table with columns for various interest rates (5-year, 10-year, etc.) and their values.

Table with columns for various interest rates (15-year, 20-year, etc.) and their values.

Table with columns for various interest rates (25-year, 30-year, etc.) and their values.

Table with columns for various interest rates (35-year, 40-year, etc.) and their values.

Table with columns for various interest rates (45-year, 50-year, etc.) and their values.

Table with columns for various interest rates (55-year, 60-year, etc.) and their values.

Table with columns for various interest rates (65-year, 70-year, etc.) and their values.

Table with columns for various interest rates (75-year, 80-year, etc.) and their values.

Table with columns for various interest rates (85-year, 90-year, etc.) and their values.

Fermenta Cancels Plans To Sell Some Units to TRI

By Jacques Neher

STOCKHOLM — Fermenta AB, the financially troubled Swedish biotechnology company, said Thursday that it had called off plans to sell parts of its overseas operations to Trans Resources Inc., a private U.S. fertilizer and chemicals group.

Fermenta said the decision to cancel the transaction, originally valued at 1.4 billion kronor (\$218 million), was partly due to "development" on the U.S. financial markets.

TRI had sought Fermenta's 60 percent stake in the Italian pharmaceutical group Fidia SpA and SDS Biotech in the United States. Beril Holmberg, Fermenta's managing director, said, "We pulled out because the deal turned out to be less advantageous for us than we hoped."

Mr. Holmberg said Fermenta, which has debts totaling about 3.5 billion kronor, was no longer in desperate need of funds because of its agreement, announced last week, to sell three foreign subsidiaries to Burns, Philp & Co. of Australia for about 600 million kronor. "We are doing well just now. We don't need to sell in a panic," he said.

TRI, whose main business is extracting chemicals from the Dead Sea, abandoned a 1.36 billion bid for Fermenta in late August after some Swedish banks with loans to Fermenta objected to TRI's proposals for paying off the loans.

12 Billion Francs in Renault Debt to Be Forgiven

By Jacques Neher

PARIS — The French government will forgive 12 billion francs (almost \$2 billion) in debt owed to it by Renault, the state-owned automaker, the minister of industry, Alain Madelin, said Thursday.

At the end of last year, Régie Nationale des Usines Renault, as the company is formally known, had a total debt of 54.7 billion francs. The write-off, added to debt service payments this year, will allow Renault to reduce its total debt to 40 billion francs by the end of 1987, said Patrick Bessy, a company spokesman.

The move to cut the company's debt will not be accompanied by a change in its legal status, Mr. Madelin said.

Next week, Prime Minister Jacques Chirac's cabinet will consider draft legislation to modify Renault's status from that of régime, or state agency, to société anonyme, or corporation. The change, which would still leave Renault a state-owned enterprise, would take effect Jan. 1, Renault was nationalized at the end of World War II.

The plan has not been approved by the executive Commission of the European Community, which has recently taken a hard line against state aid to national companies.

By clearing the debt, which had accumulated from the early 1970s, the government was seen as backing down from an initial plan to grant Renault between 9 billion and 12 billion francs in new capital.

That plan had faced criticism from Renault's chief domestic competitor, Peugeot SA. Jacques Calvet, chairman of Peugeot, had reportedly threatened to resign if a large amount of new capital were granted.

He feared that the money would not necessarily be used to pay off Renault's debt, but to support product development and marketing efforts against Peugeot.

Mr. Calvet was in Tokyo and unavailable for comment. However, another high-level Peugeot executive said that Mr. Calvet and Mr. Madelin "had apparently come to a meeting of the minds." They are scheduled to meet on Monday.

"It was a Solomon-type solution," the executive said. "There

Leading Banks Call in Loans To Stockbrokers

By Robert J. Cole

NEW YORK — Leading commercial banks have been calling in loans made to stockbrokers or demanding more collateral after Monday's 508-point market decline.

But if some loans have appeared shakier, many of the banks have also benefited from the Wall Street jitters, as tens of millions of dollars have begun flowing into insured certificates of deposit.

That might mean lower bank costs and a boon to profitability. There were indications Wednesday that banks would seek to capitalize on investors' nervousness by promoting their own relative safety. Chemical Bank, for example, said that it planned newspaper ads featuring a bear and text saying, "Chemical Bank — For People Who Are Finding the Market Unbearable."

But while banks should have no problems gathering funds, consumers will end by earning less, as interest rates are almost certain expected to fall.

A spokeswoman for the commission said the proposal would be considered.

The commission is already investigating grants of more than 5.2 billion francs for Renault made by the government in 1984 and 1985. In its effort to win approval for the debt forgiveness, the government is promising that it will never again provide aid to the company.

The EC spokeswoman acknowledged that this promise could help the government's argument, but she added, "Whenever we approve aid, it's with the thought that it will be the last time."

The Confédération Générale du Travail, the dominant union at Renault, is protesting the proposal to change the company's legal status.

Andre Sainjon, president of the CGT metalworkers union, called the proposal "shocking," and said that if enacted, it will "put Renault on the road to privatization."

The government has denied having any intentions of selling the company to private investors in the near term. But Mr. Madelin has often repeated that "it's not the state's vocation to make cars."

Royal Trust Expands On Many Financial Fronts

THE only Canadian trust company with an established international presence, Royal Trustco Ltd has consolidated its major acquisition of last year and is rapidly extending its services at home and abroad.

"Our strategy is to meet the needs of our customers," says President and Chief Executive Officer Michael A. Cornelissen. "We have built an international network that gives them access to all major markets. At the same time we are expanding our range of advisory services and our innovative financial products continue to be highly successful."

Established in 1899, Royal Trust's assets under management exceed C\$88 billion. It is Canada's largest money manager, the only Canadian trust company with an established international presence, and one of the most conservatively capitalized financial institutions in the world.

With net income increasing 36 percent to \$154 million

in 1986, Royal Trust ranks as the 19th most profitable Canadian-owned public company. The company's shares are listed on the Toronto, Montreal, Vancouver and Alberta Stock Exchanges, and Class A common shares are listed on the Tokyo Stock Exchange as well.

Last year, in a dramatic move that more than doubled its international operations and boosted its assets by 43 percent, Royal Trust acquired the assets of Dow Financial Services. The company now has 14 offices in most of the world's key financial centers.

Through these offices, and its coast to coast Canadian branch network, Royal Trust provides a full range of personal and corporate financial products and services. These include savings and checking accounts, corporate and private banking, personal and mortgage loans, international cash and asset management, pension and trust products, and global custody services. The company takes justifi-

Royal Trust's conservative investment strategy in comparison to international banks emphasizes its strength and positioning for rapid growth in the future.

Royal Trust (March 31)	International Banks
Assets	175
Equity	175
Capital Ratio	175
Dividend Payout	175
Return on Equity	175
Return on Assets	175
Assets per Share	175
Equity per Share	175
Capital Ratio	175
Dividend Payout	175
Return on Equity	175
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Assets per Share	175
Equity per Share	175
Capital Ratio	175
Dividend Payout	175
Return on Equity	175
Return on Assets	175
Assets per Share	175</

Celebrating 25 Years in Channel Islands

THE first foreign bank to settle in Jersey celebrated its 25th anniversary this year by introducing a unique currency-based deposit account. Further cause for celebration was provided by last year's performance which saw pretax profits soar 31 percent and total assets surge by 25.5 percent to \$627 million (£380 million). Fees and commissions from foreign exchange dealings increased 49.8 percent and foreign exchange transactions now exceed US\$100 million a day.

Royal Trust was established in Jersey in 1962 as a wholly owned subsidiary of Royal Trustco, Canada. A comprehensive range of private banking services is provided through two separate Jersey based companies: Royal Trust Bank (Jersey) Ltd and The Royal Trust Company of Canada (C.I.) Ltd.

The Managed Currency Deposit Account relies on the foreign exchange expertise of the Jersey team. According to Ivor Mills, Managing Director of Royal Trust, Jersey, the account is the first to allow the individual investor to benefit from international currency movements while enjoying the return and access of a deposit account.

"The speed and volatility of exchange rates present both an opportunity and a threat,"

he said. "There's an opportunity for excellent capital gains, but without professional advice and proper management, there's great risk. We have designed this account to maximize return and minimize risk, in a cost-effective way."

The Managed Currency Deposit Account is designed for investors who regard either U.S. or Canadian dollars or Sterling as their main currency. The minimum requirement is US\$25,000 (Canadian \$25,000 or £20,000).

The growth potential of the account, according to Mr. Mills, comes from a combination of overnight money market interest rates and net foreign exchange trading profits. To maximize return, funds in the account are traded on a minute-to-minute, hour-to-hour or day-to-day basis in the six major currencies.

While Mr. Mills acknowledges that no guarantee of profit can be made, he stresses the benefits of a currency strategy. "We would anticipate that the skill of our international money desk, which deals with the bank's own money, will provide a return well in excess of the interest rate which could be obtained from a single currency deposit account."

The account is cost-effective: no front-end fees, registration fees, brokerage fees or



Ivor E.R. Mills, Managing Director of Royal Trust Bank (Jersey) Ltd.

custodial fees are charged. Instead, there is a single annual charge of 0.75 percent. Monthly statements itemize all foreign exchange transactions and a monthly summary reports account balance and accrued interest.

Among other private banking services there is offshore mortgage finance aimed at foreigners residing in England and a comprehensive range of foreign exchange services for individuals and companies.

Investors from all over the world have long appreciated the advantages of Jersey, 14 miles off the coast of France. The island has kept the rate of personal and corporate tax steady at 20 percent since 1940 and has no capital gains tax, capital transfer tax, value added

tax or inheritance tax. However, so many financial institutions have set up in Jersey that the financial scene is now extremely competitive.

Organizations like Royal Trust are developing all aspects of their operations to sustain their momentum. For example, The Royal Trust Company of Canada (C.I.), specializes in the creation and administration of discretionary trusts designed to protect the assets and mitigate the tax liabilities of high net-worth individuals. Clients residing in foreign countries may wish to use discretionary trusts to protect themselves against exchange controls or possible confiscatory legislation.

Most recently, Royal Trust introduced a new concept in

international asset protection. According to Andrew Turner, Associate Director, International Trust Services, Royal Trust (Atlantic) Ltd is the Lamborghini of the trust business. "It is a specialist trust vehicle created in a Canadian jurisdiction but with no exposure to Canadian taxation, that provides for the maximum protection of wealth through a highly flexible trustee structure. While administered in Jersey with assets held by Dutch nominees, Atlantic operates through Royal Trust branches around the world."

Mr. Turner notes one of the advantages for discerning trust clients in Jersey. "The idea of trusts as developed in Jersey is very different from more traditional financial centers," he says. "Under our law, the client continues to influence the trustees in any actions they may take. While he is legally dissociated from his money, he effectively retains control over the administration of his assets."

To stay in the lead, Royal Trust (Jersey) continues to invest in the future, ensuring that the company's valuable human resources receive technical and management training. For clients, such investment translates into the company's most invaluable asset: superior service.

ROYAL TRUST Royal Trust Asia Limited 加拿大皇家信託

- Merchant Banking • Private Banking
- Investment Management
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Royal Trust Asia Limited is dedicated to providing its customers with responsive specialized banking services with absolute confidentiality and discretion. Please direct your enquiries to:

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At Royal Trust we believe in a personal and independent approach to portfolio management.

We know that the management of private wealth is a highly individual matter and for that reason aim to develop a lasting personal relationship with each client. This enables us to satisfy your particular requirements and to advance your special investment interests.

Royal Trust is respected for its combination of performance with care and integrity, but perhaps more importantly for its independence, as it is this which enables our clear, honest approach based solely on the best interest of our clients.

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U.K. Bank Expands Services

ROYAL Trust Bank has developed an unusually comprehensive international securities custody and reporting service. It has also expanded its services to corporate and private clients and established three regional offices outside London.

Ken Dean, Senior Manager, responsible for Global Custody, says the bank provides a complete stock and share stewardship service. Clients of the service, which has proved particularly attractive, to

North American funds seeking UK and international exposure, include pension funds, insurance companies and mutual funds. The service includes full multi-currency banking services, a computerized account and security record system, as well as delivery, settlement and income collection services.

"This service is fast, flexible and efficient, and it covers all aspects of global securities dealing," Dr. Dean said. "Its multi-currency banking facilities

simplify international settlement and insure that cash balances remain productive. This is a very cost-effective method of administering an international portfolio."

He explained that global custody clients or their investment managers buy and sell as before but, once executed, transaction details are reported to Royal Trust Bank by telex. All foreign exchange conversion, settlement details and delivery are then handled by Royal Trust Bank.

"Each portfolio is assigned an administrator and clients receive detailed stewardship reports on a monthly or quarterly basis," Dr. Dean said.

Managing Director John Lovesey believes the bank's strengths are its wide range of financial services and the breadth and depth of its banking relationships. Corporate services include commercial lending, foreign exchange, property finance and corporate trust services. Private client services include private bank-

ing, mortgage finance, tax planning and other personal financial services.

"We are well established in the market," Mr. Lovesey concluded, "and we plan to build on our long-standing relationships. We are currently working closely with some very dynamic companies."

To facilitate the development of local contacts, regional offices have been opened in Manchester, Leeds and Ipswich, and another is planned for Bristol.

Isle of Man Features Hi-Yield Account

THE first North American financial institution to recognize the potential of the Isle of Man as an offshore base, the Royal Trust Bank has made great strides since its office opened there in 1976. Having launched a series of innovative offshore financial products, the bank now finds itself in an ideal position to take advantage of the increasing flow of international funds into the center.

According to Managing Director Bill Cowie, the Roy-

al Trust Hi-Yield Offshore Account, introduced last year, took off immediately, due to its multi-currency checkbook facility and instant access features. "It is a current account that pays a high level of interest. With multi-currency withdrawal facilities it also provides instant access to funds on deposit," he said.

Expatriate subscribers can also use its facilities to pay bills incurred through a special expatriate mortgage scheme operated in conjunction with Clerical Medical and

General Life Assurance, a leading British insurance group.

Another Royal Trust innovation, the package is unlike any other mortgage scheme. According to Mr. Cowie: "It has been specifically designed to meet the needs of expatriates residing outside the country who wish to buy property in the United Kingdom."

The terms of the mortgage scheme are flexible and highly competitive. Since repayments are made offshore during the

lifetime of the loan, the scheme offers expatriates a considerable tax advantage.

Royal Trust plans to take advantage of the hospitable financial climate by expanding its operations on the Isle of Man, whose 221 square miles are host to 7,000 companies and financial institutions.

As Mr. Cowie says: "This island is very close to Britain, politically stable and offers all the advantages provided by much more exotic offshore centers."

Broadening Horizons on the Pacific Rim



Laura Hwang, Managing Director of Royal Trust Merchant Bank Ltd.

UNDER the leadership of Laura Hwang, Managing Director, Royal Trust Merchant Bank specializes in international banking and project finance throughout the Asia Pacific region.

"As Singapore's first merchant bank, we are very firmly rooted in the business community here," explains Mrs. Hwang. "Now that the rest of the world has discovered the dynamic economies of this region, we are in an excellent position to build investment management services on a regional and international scale."

Formerly known as Arbutnot Latham Asia Ltd, the company became a member of the Royal Trust Group in October 1986. It offers a full range of portfolio management services, syndicated lending and corporate finance. Its most successful unit trusts are the Royal Trust Singapore Growth Fund and Royal Trust Asia Pacific Growth Fund.

It provides advice and finance for turnkey projects, short and medium term loans, revolving credit and trade financing. Such loans are provided through the bank's Asian Currency Unit which also accepts deposits in all major currencies.

These activities are complemented by advisory services in areas such as corporate planning, capital structuring and restructuring, underwriting and private placements, mergers and acquisitions.

"Royal Trust Merchant Bank intends its global investment management services to be the thrust for its growth and expansion into the 1990s," says Mrs. Hwang. Singapore's full range of financial services will certainly contribute to the success of these plans.

Royal Trust Bank in Zurich

Private Banking for the discerning International Investor

Investment Management

Trust Services

Loans

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Your savings in a conventional bank deposit account are safe, reliable and essential - but returns are often modest.

Investment alternatives like unit trusts or share portfolios usually attract heavy administration charges, eating up much of your potential profit.

Now Royal Trust Bank in Jersey offers the private investor a unique and more rewarding choice - the Royal Trust Managed Currency Deposit Account.

Here's how it works:

- To open an account you need to deposit a minimum of £20,000 or US and Canadian \$25,000.
- You then choose your base currency - Sterling, U.S. or Canadian Dollars.
- Royal Trust manages your money, on a discretionary basis, by switching into currencies most likely to appreciate in terms of your chosen base currency.
- Royal Trust will switch minute by minute, hour by hour, day by day between Sterling, U.S. Dollar, Canadian Dollar, Swiss Francs,

Japanese Yen or German Deutschmarks to maximize your net capital gains.

- You will earn interest every day on your entire deposit without deduction of Jersey tax.
- The only charge we make is 0.0625% monthly on your account balance.

Remember, capital gains cannot be guaranteed, but your money will be managed by Royal Trust Bank's own International Money Desk which regularly achieves overall returns well ahead of normal interest rates.

For further information about opening an account call Trevor Wynn on Jersey (0534) 27441 or complete the coupon below.

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Vol.	High	Low	Last	Chg.
AT&T	52 1/2	52 1/2	52 1/2	0
IBM	207 1/2	207 1/2	207 1/2	0
GE	28 1/2	28 1/2	28 1/2	0
AMER	25 1/2	25 1/2	25 1/2	0
AMER	25 1/2	25 1/2	25 1/2	0
AMER	25 1/2	25 1/2	25 1/2	0
AMER	25 1/2	25 1/2	25 1/2	0
AMER	25 1/2	25 1/2	25 1/2	0
AMER	25 1/2	25 1/2	25 1/2	0
AMER	25 1/2	25 1/2	25 1/2	0

NYSE 4 p.m. volume	372,160,000
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NYSE 4 p.m. volume	372,160,000

High	Low	Close	Chg.
Composite	141 1/2	141 1/2	0
Industries	141 1/2	141 1/2	0
Utilities	141 1/2	141 1/2	0
Finance	141 1/2	141 1/2	0

Thursday's
NYSE
Closing
Via The Associated Press

Advanced	10
Declined	10
Unchanged	10
New High	10
New Low	10

Close	Chg.	Week	Year
Composite	111 1/2	111 1/2	111 1/2
Industries	111 1/2	111 1/2	111 1/2
Utilities	111 1/2	111 1/2	111 1/2
Finance	111 1/2	111 1/2	111 1/2

Vol.	High	Low	Last	Chg.
CCOR	100	100	100	0
CCOR	100	100	100	0
CCOR	100	100	100	0
CCOR	100	100	100	0
CCOR	100	100	100	0

Bonds	Close	Chg.
Utilities	81 1/2	+1 1/4
Industrials	81 1/2	+1 1/4

Advanced	21
Declined	176
Unchanged	111
Total Issues	208
New High	17
New Low	108

Buy	Sell	'87
Oct 21	1,824	1,415
Oct 22	1,269	1,162
Oct 23	2,782	1,837
Oct 24	2,782	1,837
Oct 25	31,758	7,727

Open	High	Low	Last	Chg.
Index	141 1/2	141 1/2	141 1/2	0
Trans	141 1/2	141 1/2	141 1/2	0
Util	141 1/2	141 1/2	141 1/2	0
Comp	141 1/2	141 1/2	141 1/2	0

High	Low	Close	Chg.
Industrials	125 1/2	125 1/2	0
Utilities	125 1/2	125 1/2	0
Finance	125 1/2	125 1/2	0
SP-500	125 1/2	125 1/2	0

Advanced	2
Declined	230
Unchanged	181
Total Issues	233

High	Low	Close	Chg.
292.00	292.00	292.00	-12.95

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month	High	Low	Stock	Div. Yld.	PE	52-Week	High	Low	Close	Chg.
23	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
24	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
25	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
26	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
27	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
28	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
29	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
30	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
31	12 1/2	12 1/2	AAR	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0

MARKETS: Dow Drops as 2-Day Rally Falters

(Continued from Page 1)

percentage point, to 9 percent. The move largely followed earlier declines in money market interest rates that had already boosted stock prices. But the fact that the U.S. central bank was again adding liquidity to the money markets on Thursday did help the Dow recover from its lows, dealers said.

The number of losing stocks led gaining shares by about 5 to 1, and volume declined to about 392 million shares from 449.35 million on Wednesday.

In the first hour of trading, the Dow was down as much as 149 points.

It had climbed a total of 289.11 points in the previous two sessions — 186.84 points on Wednesday alone, setting a one-day record.

Among leading blue-chip issues, American Telephone & Telegraph Co. fell 3/4 to 28 3/4. International Business Machines Corp. was off 2 1/2 to 120 and General Electric Co. lost 3 1/4 to 47 1/2. General Motors dropped 4 1/2 to 58 and Merck & Co., the pharmaceutical concern, shed 5 1/4 to 163 1/4.

Trading quieted in late afternoon, as market participants waited for President Ronald Reagan's press conference. After the market had closed, the House said Mr. Reagan would begin his news conference with a statement on the economy and financial markets.

"People are beginning to climb out of this, but it will be a while before they climb back in," said Eugene Peroni Jr., analyst at Janney Montgomery Scott in Philadelphia.

Mr. Peroni said the market will move between an upper limit of 2,050 on the Dow and a

12 Month	High	Low	Stock	Div. Yld.	PE	52-Week	High	Low	Close	Chg.
32	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
33	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
34	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
35	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
36	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
37	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
38	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
39	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
40	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0

12 Month	High	Low	Stock	Div. Yld.	PE	52-Week	High	Low	Close	Chg.
41	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
42	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
43	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
44	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
45	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
46	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
47	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
48	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
49	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
50	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0

12 Month	High	Low	Stock	Div. Yld.	PE	52-Week	High	Low	Close	Chg.
51	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
52	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
53	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
54	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
55	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
56	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
57	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
58	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
59	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0
60	12 1/2	12 1/2	IBM	0	10	12 1/2	12 1/2	12 1/2	12 1/2	0

(Continued on next left-hand page)

MARKETS FACE NEW TURBULENCE: Profit-Taking and Skittishness Dent the Attempted Recovery

Shares Fall in Europe After Wednesday Rally

LONDON — The recovery in European share prices evaporated Thursday, as many investors unloaded stocks to take advantage of higher prices. News of a missile attack on Kuwait's main oil installation also extended share prices in Europe, calers said, by heightening global economic uncertainty. Kuwait blamed Iran for the attack. Although shares in Tokyo ended higher, dealers said the improvement disappointed many European investors. The 225-share Nikkei index was up only 1.9 percent, after a record 9.5 percent on Wednesday. Price swings remained violent and unpredictable. In Britain, the FT-SE index of 100 major shares finished 110.6 points lower on Wednesday. Renewed selling of J.S. shares there before Wall Street opened aggravated the declines across the Continent. Later, New York trading opened with a massive sell-off, which only moderated the losses in the last few hours of European dealings. The Dow Jones industrial average lost 40 points within the first hour of trading, then rebounded. But by 11 A.M. in New York, when most European exchanges were closed, the Dow was still down 43 points. Wall Street's convulsions on Thursday incited new fears that its recovery in the previous two sessions had been illusory. The Dow's 0.27-percent rally on Tuesday supported a worldwide rally in stock prices on Wednesday, when the Dow soared an additional 186.84 points. The Dow plunged a catastrophic 308 points on Monday. But that rally ended Thursday in Europe. Investors are again hesitant and cash sales are surfacing, a senior firm broker said. Many believe that new jobs are possible on world markets as the problems which bedeviled Monday's collapse are still hanging over the global economy. Analysts have blamed the collapse in large part on a lack of confidence in the ability of major industrial countries to deal with their huge trade imbalances and the resultant conflicts over currency values and interest rates.

London — On the London Stock Exchange, the Financial Times-Stock Exchange 100-share index skidded

110.6 points, or 5.7 percent, to 1,833.2 at the close. A late rally that reflected price moves on Wall Street helped cut the loss from 194.7 points about an hour before the close. On Wednesday, the FT-SE index gained a record 142.2 points, or 7.9 percent. At its late-afternoon low, the index was down about 10 percent, its lowest level in about nine months. "A lot of investors are sick of the wild movements on Wall Street and believe that British stocks at this level are a good buy," one analyst said. "But they are still very nervous." One factor heightening concern was the release Friday of Britain's trade figures for September. Britain's current account, the nation's widest measure of trade, registered a \$929 million (\$1.53 billion) deficit in August, and many analysts are expecting another bad number. Dealers said that the market was also unnerved by reports that an influential U.S. stock analyst, Robert R. Prechter, had predicted that Wall Street might find a new low shortly. Mr. Prechter follows the theory of the late Ralph N. Elliott that markets follow predictable waves rooted in human nature and alternate between pessimism and optimism. Volume continued to be huge, with more than \$19 billion shares changing hands up to 3 P.M. The actual number of transactions was more than 78,000, compared with an average 35,000 a day last week and Wednesday's record of 103,680.

Paris — French share prices fell in late trading in response to a lower Wall Street, wiping out early gains, dealers said. The main Bourse indicator slipped 2.95 percent in relatively light trading after having been 0.97 percent higher at midday. The index gained 3.5 percent on Wednesday. That performance, combined with Tuesday's small rally, had recouped part of a nearly 10 percent drop on Monday. "I think 'confused' is the word for it," one trader said. "Nobody seems to know what they're doing anymore."

Frankfurt — West German share prices ended an active session with big losses

that approached the worst levels of the day, as foreigners and domestic institutional investors unloaded large holdings, dealers said. Domestic small-scale investors continued to buy but were unable to turn the tide, they added. The Commerzbank index closed 72.40 points down at 1,707.90, a loss of 4.07 percent. It gained 6.64 percent on Wednesday. Milan — Italian share prices dropped in early trading on the Milan Stock Exchange, and continued to fall throughout the day, largely because of the declines in other major centers, dealers said. Retail, insurance and financial stocks all performed poorly. The main MIB index was down about 0.6 percent two hours into the session, and ended the day with a 1.30 percent decline. The index had gained 3.93 percent on Wednesday after Tuesday's drop of 4.45 percent. Zurich — Swiss shares closed sharply lower on profit-taking and expectations of declines on Wall Street, dealers said. One trader at a major Swiss bank said that many of the sellers had bought shares at Wednesday's lows. The SBC index fell 35.20 points, or 5.54 percent, to 600, after having erased Wednesday's gain of 5.7 percent. (AP, Reuters, AFP)



RALLY STALLS IN PARIS — Brokers at the Paris stock exchange shout instructions. Share prices dropped in late trading on Thursday, and the Bourse indicator fell 2.95 percent in relatively light trading, after having been up 0.97 percent at midday.

The Dow Average: Not the Only Indicator, Nor Even the Best

By Cindy Skrzycki and Jerry Knight Washington Post Service WASHINGTON — The Dow Jones industrial average is proving once again that it is not always the most reliable indicator of what the U.S. stock market is doing. The widely watched average of 30 stock prices has become synonymous with the stock market's performance. But in the past few days it repeatedly has climbed more steeply and plunged more deeply than other stock market indicators. While the Dow dropped 22.6 percent on Monday, for instance, the Wilshire 5000 index favored by many professional investors was down a little less than 18 percent. The decline in the American Stock Exchange and the Nasdaq National Market indexes came to only about 12 percent.

The Dow rebounded more quickly, jumping almost 6 percent on Tuesday, while the Wilshire bounced back about 2.5 percent and the Amex and Nasdaq charts fell another 9 percent or so. On Wednesday, the Dow Jones average roared back by another 10 percent, outpacing broader indicators that showed daily gains in the 8 to 9 percent range. The disparate performances in stock market barometers reflect not only different methods of measuring the market, but also measures of different markets. Many market experts take the Dow for what it is: a benchmark of what is going on in the narrow strata of the bluest of blue-chip companies—even though it is thought of as a universal indicator. "The Dow is a rotten indicator," said Marshall E. Blume, professor of finance at the

University of Pennsylvania's Wharton School. "It's one of the worst indicators around." Critics argue that Dow is tilted heavily toward manufacturing and heavy industrial companies whose importance to the American economy has faded in recent years. Members of the industrial average include such heavyweight companies as Bethlehem Steel Corp., General Electric Co., General Motors Corp. and Texaco Inc. McDonald's Corp. is the only entry from the burgeoning services sector, and the lone financial services representative is Primerica Corp., which has been on the Dow since it was in a different business, as American Can Corp. Besides the narrow composition of the Dow, there are complaints about how it is weighted and calculated. Companies with high stock prices are given more presence in the average while elements such as market capitalization are not taken into account.

In contrast to the 30 stocks in the Dow, the Wilshire Index includes 5,000 stocks. While the Dow was up 10 percent Wednesday, the Wilshire gained 7.7 percent. The Wilshire Index includes all the stocks traded on the New York, American and other exchanges. "It includes everything they can get their hands on," Mr. Blume said. It has not been unusual in the past for the Dow to diverge from the broader market indices that track the New York Stock Exchange and the American Stock Exchange. Its performance Tuesday was a good example of this behavior: The Dow closed up while the Amex and Nasdaq indexes closed down. One reason the charts moved in opposite directions, according to Alden C. Olson, a professor of finance at Michigan State University, was the re-entry of institutional buyers and individuals into the market to buy Dow-listed stocks after Monday's scare.

Bonds Surge on Continuing Flight From Stocks

NEW YORK — Prices of U.S. government securities rose as much as 3 points on Thursday in hectic trading, as investors continued to lock to the safety offered by government-backed paper after repeated declines in U.S. share prices, dealers said. "It's been wild," said Ken Dagal of Kleinwort Benson Government Securities Inc. "It's been the most active week I've seen in my life." Dealers said prices were further bolstered by news that Citibank and other major U.S. commercial banks had cut their prime lending rates a quarter point, to 9 percent. Also, dealers cited cautious optimism that Washington policy makers will act to trim the U.S. budget deficit. Analysts have said that the government borrowing to finance the budget deficit has put upward pressure on interest rates, thus automatically depressing bond prices. The Dow lost 140 points in the first hour of trading before rebounding. It closed later with a loss of 77.42 points.

The government's benchmark 30-year bond closed at 97 17/32 after finishing at 94 10/32 on Wednesday. The rise of about 3 1/2 points, or \$32.50 for each \$1,000 face amount, brought the yield tumbling to 9.11 percent from 9.45 percent on Wednesday. The decline in stock prices followed reports that one influential investment stock strategist, Robert R. Prechter, had forecast further sharp declines in share prices and news that a Kuwaiti offshore oil terminal had been hit by a missile. "The flight to quality is one of the main reasons why our market is rallying," said one dealer, explaining the rise in government bills, notes and bonds. Dealers predicted that purchases of government securities would continue, particularly at the shorter end of the market, with the biggest beneficiary likely to be bills, which mature within one year. The credit markets rose sharply on the reports that Mr. Prechter had predicted the Dow would fall to 1,300. It had closed at 2,027.85 on Wednesday. Traders familiar

with the forecast said Mr. Prechter predicted that stock prices would initially fall through the lows reached on Monday — when the index fell 22.6 percent to 1,738.74 — and then stage a comeback at 1,300. Through a spokesman, Mr. Prechter refused to comment on the reports. The U.S. central bank, meanwhile, added reserves to the banking system via four-day customer repurchase agreements. The Federal Reserve Board entered the money market an hour earlier than usual, in an apparent effort to calm the financial markets. Nonetheless, federal funds, the overnight reserves that commercial banks trade among themselves, closed higher at 7.25 percent, up from 6.875 percent in early trading and Wednesday's average of 6.47 percent. Three- and six-month bill yields rose above their lows, finishing at 5.32 percent and 6.04 percent, after 5.62 percent and 6.24 percent at Wednesday's finish.

Economists continued to debate whether the slump in stock prices reduce consumer spending and slow the economy, thereby bolstering bond prices. Elias Bikhazi, an economist at Security Pacific National Bank, said the economic fundamentals are largely unchanged following the dramatic swings in both stock and bond prices. Income, not investment, is the most important factor in consumption, Mr. Bikhazi said. "Unemployment at 5.9 percent and steady employment gains should sustain consumption," he said. "We acknowledge that there will be an impact on consumption, but we're not prepared to say it's a recession," he said. But market perceptions of a recession and a continued flight to quality should support long-term bond yields at around 9.50 percent until year-end, Mr. Bikhazi said, although he does not see much improvement from the current lower yield levels.

POLICY: A Turning Point

(Continued from Page 1) Countries needed an expansion of the money supply in order for their economies to grow. "As in 1981," he continued, "the Fed thought inflation was the problem and has raised interest rates in recent months. Investors always sell stocks when they see a Federal Reserve policy of higher interest rates." The stock market's tumble came paradoxically as James C. Miller, director of the Office of Management and Budget, was saying that "we have had tremendous success" in reducing the federal budget deficit. The deficit, which soared to a record \$220.7 billion in the fiscal year 1986, narrowed to \$155 billion or less in fiscal 1987, which ended three weeks ago, he said. The deficit figure, which may well be less than \$150 billion, will be made public next week. A major reason for the decline in the budget deficit was an unexpected surge in revenues. This one-time occurrence occurred partly because many people sold stocks and other assets late last year before the rate of long-term capital gains was raised by the new tax law. But economists say stock market investors are still concerned about the deficit for the current fiscal year, which, according to the Congressional Budget Office, would exceed \$180 billion if current spending and tax policies continued.

Bonn's Theory: Solutions Lie in U.S. West Germans Say There Is Little They Can Do

By Serge Schmemmann New York Times Service BONN — Although the West German government and central bank moved quickly this week to placate Washington publicly, few analysts or officials thought there was anything West Germany would or could do to alleviate the squeeze on the United States. As the markets continued to gyrate, analysts said they suspected the maelstrom of recent days would only confirm the West Germans in their antipathy to risk and instability, rather than make them receptive to Treasury Secretary James A. Baker 3d's demands that they stoke up their economy. Many experts acknowledged that the West German economy did need some loosening. But none saw any quick or painless fix for the United States' huge debt and poor balance of payments, and few thought Bonn would ever agree to stimulate its economy to a level that would make any difference. The answer to America's problems, most seemed to think, was in America. "The United States has basic problems, and if I were a politician I would also try to put the blame somewhere else," said Meinhard Miesel, director of the Institute for Economic and Social Policy in Bonn. "They blamed Japan, then Europe in general, then West Germany in particular, and I don't

know where next. But the problem will not change." That view was echoed in many other comments and editorials after Mr. Baker's warning last Thursday that unless West Germany stopped raising interest rates and took measures to stimulate its economy, the United States might let the dollar slide lower, hurting German exports. Though it was unclear what role the comments had in the stock market chaos that followed, the fears they raised of U.S.-West German arguing and dollar devaluation were seen as one of the catalysts. The basic West German criticism is of Mr. Baker's premise that the United States' trading partners, and first of all West Germany and Japan, have an obligation to stimulate their economies so that they could start absorbing more American goods and so ease the trade imbalance. The daily Frankfurter Allgemeine Zeitung called the premise a "vision" long fostered by Washington and "every time this vision is disturbed from the outside, this is seen as an unfriendly act by Washington." "But the real question," the paper added, "is whether the vision is realistic." Beyond the merits of Mr. Baker's thinking, his demands on the Germans to stimulate their economy clashed with a deep-rooted fear of inflation and economic instability, a fear that permeates all West German economic policies.

The conservatism is reflected in a negligible inflation rate, and in a striking reluctance among consumers to buy on credit. Credit cards are all but unknown, and Germans generally prefer to save until they can afford to buy what they need. Such thrifty habits have indisputably contributed to West Germany's prosperity, as well as to its strong focus on exports. Germans are mindful, too, that the government did try to stimulate the economy in the 1970s and ended up only with a huge public debt. Although rejecting any quick fix, many West German economists have long argued that Bonn — and Tokyo — can and should take measures to lift some restrictive economic bonds. Critics have pointed in particular to the communications industry, which remains a protected state monopoly, and to the subsidies pumped into agriculture or into industries like coal mining or ship building. But any changes, they say, would take several years to show an effect. There are no heroes or villains, according to Helmut Schmidt, the former West German chancellor. "To sum it up," he said, "the behavior of the United States over the past two years does not give the United States the right to criticize Japan or West Germany. And the economic behavior of West Germany and Japan does not give their governments the right to criticize Washington."

Asian Markets Off In Profit-Taking

HONG KONG — A partial recovery on Asian financial markets sputtered on Thursday as stock prices on exchanges from Tokyo to Singapore rose sharply and then, just as quickly, gave up most of their gains. In Japan and Australia, the largest regional markets, early buying strength gave out in the afternoon and prices turned lower at the close. A similar retreat took place in New Zealand. On the Tokyo Stock Exchange, the Nikkei stock average of 225 selected shares fell back in shabby afternoon trading to 24,404.45, up 457.05 yen for the day. The index had been ahead by as much as 1,033 yen in the morning. Market analysis attributed the drop to profit-taking. Earlier in the day, when Tokyo prices were registering strong gains, brokers had said investors were encouraged by Wall Street's seeming strength, lower commercial interest rates in the United States and the Federal Reserve Board's action to add liquidity to the market. In Sydney, nervous selling slashed early record gains. The All Ordinaries index dropped back to a gain of 59.4 points, or 3.7 percent, after soaring 150 points in the first 45 minutes of trading. At the close, the index stood at 1,627.6. In Wellington, New Zealand's stock market rally petered out as fresh nervousness hit investors. The Barclays index of the top 40 stocks ended the day down 5 points at 3,034 after being 16 points ahead

Hong Kong Seeks Help on Troubled Stock Futures

Agence France-Press HONG KONG — The Hong Kong government said Thursday that it had asked Hambros Bank Ltd. of Britain for advice on problems in the stock-index futures market, where trading was halted on Tuesday. In trading circles, there were rumors that the Hong Kong Futures Exchange had asked the government for 2 billion Hong Kong dollars (\$250 million) to rescue the market. Monday's slump on the local market prompted dealers in Hang Seng Index futures to issue margin calls. Futures brokers fear that stockbrokers and speculators may not be able to pay up. A speculator who bought one contract last Friday with a 15,000 dollar deposit would have faced a 21,000 dollar loss by the close of trading Monday. At that time, more than 36,500 Hang Seng Index futures contracts, with an implied value of 6.14 billion dollars, were outstanding.

half-way through the trading day. In Malaysia, a wave of selling drove share prices down Thursday towards their previous closing levels on the Kuala Lumpur Stock Exchange. The afternoon selling halted the morning's gains and prices settled only 10 percent above Tuesday's finish. Most stocks, which shed an average of 25 to 30 percent of their value Tuesday, had recouped up to a third of their losses in the morning session. The exchange was closed Wednesday for a public holiday. Taiwan share prices closed sharply lower but in Manila, prices finished higher. In Singapore, stock prices rallied, although renewed selling interest surfaced in the afternoon session. The Straits Times industrial index regained 124.14 points to end at 1,085.64, its biggest one-day advance. On Tuesday, the index plunged a record 261 points. (AFP, Reuters)



FOR THE MAN WITH EXCEPTIONAL GOALS, PRIVATE BANKING IN SWITZERLAND

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Thursdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yield %	PE	52 Wk High	Low	Close	Chg.
111.75	107.00	IBM	3.80	3.4	17.0	117.50	107.00	111.75	0.00
115.00	110.00	AT&T	2.50	2.2	16.0	115.00	110.00	115.00	0.00
117.50	112.50	GE	2.20	1.9	15.0	117.50	112.50	117.50	0.00

(Continued)

12 Month High	Low	Stock	Div.	Yield %	PE	52 Wk High	Low	Close	Chg.
118.00	113.00	GM	2.10	1.8	14.0	118.00	113.00	118.00	0.00
120.00	115.00	Merck	2.00	1.7	13.0	120.00	115.00	120.00	0.00
122.00	117.00	Boeing	1.90	1.6	12.0	122.00	117.00	122.00	0.00

(Continued)

12 Month High	Low	Stock	Div.	Yield %	PE	52 Wk High	Low	Close	Chg.
124.00	119.00	3M	1.80	1.5	11.0	124.00	119.00	124.00	0.00
126.00	121.00	Johnson & Johnson	1.70	1.4	10.0	126.00	121.00	126.00	0.00
128.00	123.00	Pfizer	1.60	1.3	9.0	128.00	123.00	128.00	0.00

(Continued)

12 Month High	Low	Stock	Div.	Yield %	PE	52 Wk High	Low	Close	Chg.
130.00	125.00	Amgen	1.50	1.2	8.0	130.00	125.00	130.00	0.00
132.00	127.00	McKesson	1.40	1.1	7.0	132.00	127.00	132.00	0.00
134.00	129.00	Amgen	1.30	1.0	6.0	134.00	129.00	134.00	0.00

(Continued)

12 Month High	Low	Stock	Div.	Yield %	PE	52 Wk High	Low	Close	Chg.
136.00	131.00	Amgen	1.20	0.9	5.0	136.00	131.00	136.00	0.00
138.00	133.00	Amgen	1.10	0.8	4.0	138.00	133.00	138.00	0.00
140.00	135.00	Amgen	1.00	0.7	3.0	140.00	135.00	140.00	0.00

(Continued)

12 Month High	Low	Stock	Div.	Yield %	PE	52 Wk High	Low	Close	Chg.
142.00	137.00	Amgen	0.90	0.6	2.0	142.00	137.00	142.00	0.00
144.00	139.00	Amgen	0.80	0.5	1.0	144.00	139.00	144.00	0.00
146.00	141.00	Amgen	0.70	0.4	0.0	146.00	141.00	146.00	0.00

(Continued)

12 Month High	Low	Stock	Div.	Yield %	PE	52 Wk High	Low	Close	Chg.
148.00	143.00	Amgen	0.60	0.3	0.0	148.00	143.00	148.00	0.00
150.00	145.00	Amgen	0.50	0.2	0.0	150.00	145.00	150.00	0.00

Grains

Contract	High	Low	Open	Close	Chg.
WHEAT (CBOT)	2.15	2.10	2.12	2.11	-0.01
SOYBEANS (CBOT)	3.15	3.10	3.12	3.11	-0.01
CORN (CBOT)	1.15	1.10	1.12	1.11	-0.01

Oil

Contract	High	Low	Open	Close	Chg.
WTI (NYMEX)	21.50	21.20	21.30	21.25	-0.05
Brent (ICE)	22.50	22.20	22.30	22.25	-0.05

Metals

Contract	High	Low	Open	Close	Chg.
COPPER (COMEX)	3.15	3.10	3.12	3.11	-0.01
SILVER (COMEX)	16.50	16.20	16.30	16.25	-0.05
GOLD (COMEX)	375.00	372.00	373.00	372.50	-0.50

Livestock

Contract	High	Low	Open	Close	Chg.
CATTLE (CME)	1.15	1.10	1.12	1.11	-0.01
HOGS (CME)	0.65	0.60	0.62	0.61	-0.01
PORK (CME)	0.45	0.40	0.42	0.41	-0.01

Stocks

Contract	High	Low	Open	Close	Chg.
S&P 500	275.00	272.00	273.00	272.50	-0.50
Dow Jones	2750.00	2720.00	2730.00	2725.00	-50.00

Options

Contract	High	Low	Open	Close	Chg.
S&P 500 Call	15.00	14.50	14.75	14.70	-0.05
S&P 500 Put	1.50	1.40	1.45	1.44	-0.01

Commodities

Contract	High	Low	Open	Close	Chg.
Natural Gas	3.50	3.40	3.45	3.44	-0.01
Heating Oil	1.15	1.10	1.12	1.11	-0.01

Indices

Contract	High	Low	Open	Close	Chg.
NASDAQ	1150.00	1140.00	1145.00	1144.00	-10.00
Russell 2000	450.00	445.00	447.00	446.50	-0.50

Highs-Lows

Contract	High	Low	Open	Close	Chg.
Oil	21.50	21.20	21.30	21.25	-0.05
Grains	3.15	3.10	3.12	3.11	-0.01

Options

Contract	High	Low	Open	Close	Chg.
Oil Call	1.50	1.40	1.45	1.44	-0.01
Oil Put	0.50	0.40	0.45	0.44	-0.01

Options

Contract	High	Low	Open	Close	Chg.
Oil Call	1.50	1.40	1.45	1.44	-0.01
Oil Put	0.50	0.40	0.45	0.44	-0.01

RUSSELL BAKER
IN THE HT EVERY WEDNESDAY
AND FRIDAY.
URBANE WITH ITS SATIRICAL
BEST

U.S. Futures

Via The Associated Press

Food

Contract	High	Low	Open	Close	Chg.
COFFEE C (NYMEX)	12.50	12.20	12.30	12.25	-0.05
SUGAR (NYMEX)	45.00	44.50	44.75	44.70	-0.05
COCOA (NYMEX)	1.15	1.10	1.12	1.11	-0.01

Metals

Contract	High	Low	Open	Close	Chg.
COPPER (COMEX)	3.15	3.10	3.12	3.11	-0.01
SILVER (COMEX)	16.50	16.20	16.30	16.25	-0.05
GOLD (COMEX)	375.00	372.00	373.00	372.50	-0.50

Livestock

Contract	High	Low	Open	Close	Chg.
CATTLE (CME)	1.15	1.10	1.12	1.11	-0.01
HOGS (CME)	0.65	0.60	0.62	0.61	-0.01
PORK (CME)	0.45	0.40	0.42	0.41	-0.01

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	Revenue	Profit
Union Carbide	2,150	215
Washington Post	1,800	180
Wells Fargo	1,500	150

Financial

Contract	High	Low	Open	Close	Chg.
10 Yr Treasury	125.00	124.50	124.75	124.70	-0.05
30 Yr Treasury	135.00	134.50	134.75	134.70	-0.05

Commodity Indexes

Index	High	Low	Open	Close	Chg.
Moody's	1,320.00	1,310.00	1,315.00	1,314.00	-10.00
Dow Jones	2,750.00	2,720.00	2,730.00	2,725.00	-50.00

Market Guide

CBOT: Chicago Board of Trade
COMEX: Commodity Exchange
NYMEX: New York Mercantile Exchange
IFEX: International Futures Exchange

Dividends

Company	Per Share	Pay Date
Amgen	1.50	11-15-87
Boeing	1.00	11-15-87

Spot Commodities

Commodity	Today	Prev.
Aluminum	1.15	1.14
Coffee	12.25	12.20

DM Futures Options

Oct 22

Strike	Call	Put	Call	Put
1.10	0.15	0.15	0.15	0.15
1.15	0.15	0.15	0.15	0.15

To Our Readers

The Philadelphia Currency Options were not available in this edition because of transmission delays.

WORLD STOCKS IN REVIEW

NYSE: 2725.00
DOW: 2725.00
NASDAQ: 1144.00

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	Year	Revenue	Net Inc.	Per Share
Aerian Telecom	1987	1,200	150	1.50
	1986	1,100	100	1.00
Alberto Culver	1987	1,100	150	1.50
	1986	1,000	100	1.00
Chase Manhattan	1987	2,500	250	2.50
	1986	2,300	200	2.00
Goodyear Tire	1987	2,200	220	2.20
	1986	2,100	210	2.10
Michigan National	1987	1,800	180	1.80
	1986	1,700	170	1.70
Sundstrand	1987	1,500	150	1.50
	1986	1,400	140	1.40
Syvco	1987	1,200	120	1.20
	1986	1,100	110	1.10
Tandem Computers	1987	1,000	100	1.00
	1986	900	90	0.90
Teleflex	1987	800	80	0.80
	1986	750	75	0.75
Temple-Inland	1987	700	70	0.70
	1986	650	65	0.65
Tranco Energy	1987	600	60	0.60
	1986	550	55	0.55
Tribune	1987	500	50	0.50
	1986	450	45	0.45
United Technologies	1987	400	40	0.40
	1986	350	35	0.35
Visteon	1987	300	30	0.30
	1986	250	25	0.25
Wendell International	1987	200	20	0.20
	1986	150	15	0.15
Zetel	1987	100	10	0.10
	1986	80	8	0.08

BankAm Swung to a Profit Of \$53 Million in 3d Period

The Associated Press
SAN FRANCISCO — BankAmerica Corp., which is seeking to reverse big losses, said Thursday that it earned \$54 million in the third quarter, compared with a net loss of \$23 million in the corresponding period last year.

The bank's chairman, A.W. Clausen, said the result reflected improvement in the bank's loan portfolio and operating efficiency. Per-share earnings for the 1987 quarter came to 25 cents. BankAmerica is the third-largest U.S. banking company.

The third-quarter results brought the bank's loss for the first nine months to just over \$1 billion. That figure reflects a \$1.1 billion addition in the second quarter to reserves for potential losses on Third World loans.

The results "continue to show steady progress in our recovery," Mr. Clausen said.

BankAmerica also improved its capital position during the quarter by placing \$425 million in capital securities with Japanese banks.

BankAmerica's earnings in the quarter were affected by several actions.

It sold several "non-strategic operations" for a net after-tax gain of \$29 million. The carrying value of a 32 percent-owned affiliate also was reduced, resulting in an after-tax charge against earnings of \$22 million.

Financial GRAND PRIX 1987

Patronage of the Commission of the European Communities and the supervision of Arthur Andersen & Co., S.C.

DO YOU RANK AMONG THE 100 BEST TRADERS IN THE WORLD?


The world-wide computer real time simulated stock and option trading contest, organized by CONSOLIDA Financial Services (Switzerland) from November 9, 1987 till January 15, 1988, will answer this question. This project is the most recent advanced computer trading simulation already tested by over 30,000 individuals.

Number One will get US\$ 20,000 — cash award, the World Championship Cup and an airline ticket to attend the Lausanne Grand Prix Symposium in March 1988. In addition to the airline tickets, Number Two will be awarded US\$ 10,000 — and Number Three US\$ 6,000 —

The list of the Top 100 will be printed in major international publications.

LONGINES

THE LONGINES STYLE



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2, Boulevard Royal, 2953 LUXEMBOURG.

NOTICE TO UNITHOLDERS

In view of the current uncertainty in the world stock markets the Board of Directors of GT Stock Management S.A. and of GT World Management S.A. resolved, in order to protect the interest of the shareholders of GT Stock Fund and GT World Fund and in accordance with the Management Regulations and the current prospectus, to suspend the pricing of the funds' shares and consequently the subscriptions and redemptions with effect from October 20, 1987.

The suspension will be lifted as soon as in the opinion of the Board of the Management Companies the Funds may dispose of their assets under normal market conditions.

By order of the Board of Directors of GT Stock Management S.A. and of GT World Management S.A.

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NOTICE TO SHAREHOLDERS

In view of the current uncertainty in the world stock markets the Board of Directors of the above Funds have resolved, in order to protect the interest of the shareholders and in accordance with the articles of incorporation and the current prospectus, to suspend the pricing of the Funds' shares and consequently the subscriptions and redemptions with effect from October 20, 1987.

The suspension will be lifted as soon as in the opinion of the Board of the Funds may dispose of their assets under normal market conditions.

By order of the Board.

The Big Oversight of '87 And The Next Huge Gains

When wheat was bottoming below \$2.60 per bushel last summer, Indigo kept calling it for a strong advance — and stressed repeatedly that rising costs for raw commodities would hurt profit margins of big consumer non-cyclicals such as Pillsbury which the public and many institutions were then buying. In late August we showed how Philip Morris at \$124 had become drastically overbought as we urged clients to liquidate anything in soap, soap, cigarettes, shaving cream and cake mixes. So wheat went up 20 percent (which quadruples equity in the futures market) and Pillsbury fell by the same percentage. Narrow-gauge analysts were in a dilemma; and we were pushing ahead into the overlooked technologies that will boom as new cost-efficiency solutions are adopted by the majors. One innovative computer developer we're recommending currently near \$13 has just made ten times its investment in data base support protocols and has so much cash in hand that it is buying its own stock — which we think will double and triple while some blue chips sag further. Phone telex or send the coupon for complimentary copies of our broad-spectrum reports.

Indigo INVESTMENT S.A.

INDIGO INVESTMENT, S.A.
Avenida Palma de Mallorca 43,
29620 Torremolinos, (Málaga) Spain.
Telephone 34 52 389600 - Telex 79423.

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* Indigo is not a licensed broker.

NZI Corporation Limited

Results for the year ended 31 March, 1987

	YEARS ENDED 31 MARCH	
	1987	1986
	NZ\$000	NZ\$000
Operating Revenue	2,017,160	1,304,892
Consolidated Net Earnings	145,311	85,245
Total Assets	6,225,392	5,699,694
Shareholders' Funds	756,347	495,205
Earnings Rate on Average Shareholders' Funds	23.5%	19.0%
Earnings per share	23.5cents	21.3cents
Dividends per share	10.5cents	9.0cents

Extracts from the Chairman's Address to the Annual General Meeting held in Auckland on Monday, 10 August 1987.

"NZI Corporation is the first New Zealand private sector Company to obtain long-term credit ratings in the United States. The rating from Standard and Poots was A+ and A2 from Moody's Investor Services."

"Our major banking presence is in New Zealand and Australia, but we also have operations in London, Toronto, Hong Kong and Singapore and believe that our presence in these markets significantly enhances our capability as a bank for our New Zealand and Australian customers."

"Over the same period as we have achieved successful diversification into corporate and investment banking we have substantially restructured and strengthened our long-established insurance business. The Board is determined to maintain the momentum that has been built up, and to realise the potential that lies in NZI's now broad financial services base."

"In the interests of keeping the market and shareholders better informed, NZI Corporation will report interim results quarterly, commencing with the June 1987 quarter."

Copies of the Annual Report and Accounts may be obtained by writing to Public Affairs Department, NZI Corporation Limited, PO Box 3476, Auckland 1, New Zealand.

LVMH

MOËT HENNESSY . LOUIS VUITTON

INITIAL LISTING ON OCTOBER 23, 1987

Following the merger on September 2, 1987, of Moët Hennessy and Louis Vuitton, the LVMH Moët Hennessy Louis Vuitton share will start trading on the Paris Bourse monthly settlement market (réglement mensuel) on October 23, 1987, under the symbol:

LVMH

Moët Hennessy being the merger's surviving entity, the LVMH shares will succeed to Moët Hennessy's listing.

From October 23 on, all Louis Vuitton shares should be tendered for exchange at a ratio of two Louis Vuitton shares for each LVMH share. The Louis Vuitton shares will continue to be listed on the Paris Bourse during a transition period, trading on the cash settlement market (marché au comptant) instead of the monthly settlement market.

The convertible bonds issued by Moët Hennessy and Louis Vuitton will become LVMH securities convertible into LVMH shares taking into account necessary parity adjustments.

The warrants attached to Moët Hennessy's bond with warrants issue will also become exercisable into LVMH shares.

In the United States, LVMH American Depositary shares will trade on the NASDAQ National Market System, under the symbol "LVMHY", beginning October 23, 1987.

Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 High, Low, Close, Open, Change. Lists various stocks and their prices.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 High, Low, Close, Open, Change. Lists various stocks and their prices.

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Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 High, Low, Close, Open, Change. Lists various stocks and their prices.

ADVERTISEMENT INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 22nd Oct. 1987

Large table listing various international funds with columns for fund name, share price, and other details. Includes sub-sections like 'AL-AMAL GROUP', 'EUROPEAN FUNDS', etc.

Table listing 'Other Funds' with columns for fund name, share price, and other details.

Table listing 'Other Funds' with columns for fund name, share price, and other details.

Table listing 'Other Funds' with columns for fund name, share price, and other details.

Floating-Rate Notes

Table listing floating-rate notes with columns for Issuer/Mat., Coupon, Next, Bid, Ask, and other details. Includes sub-sections for Dollars, Deutsche Marks, Japanese Yen, and Pounds Sterling.

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MARKETS FACE NEW TURBULENCE: Dollar Continues to Hold Its Ground

Dollar Steady After Early Fluctuation

NEW YORK — The dollar closed barely changed Thursday in New York after a day of extremely nervous, wild trading. Dealers said the currency was rocked by a renewed fall in U.S. stocks and by cuts in the prime rate by many major U.S. banks. The dollar recouped substantial early losses on position-taking before President Ronald Reagan's press conference on the economy and markets on Thursday night. "He will try to calm down the markets," one dealer said. "But I don't expect any concrete measures."

London Dollar Rates table with columns for Country, Unit, and Rate. Includes Deutsche mark, French franc, and Swiss franc.

afford to let the dollar go down," while the stock market is fragile and some foreign investors are trying to get out of dollar assets. On the other hand, a U.S. bank dealer said, some U.S. securities houses were pulling back their foreign assets to increase liquidity in order to meet the financial markets' crisis. "Capital flow is very confusing today," he said. Earlier, in London, the dollar closed on a relatively steady note but below its opening levels. The rally on Wall Street and some short-covering enabled the currency to recoup most of the losses sustained after the U.S.

Fed Reports M-1 Fell \$3.7 Billion In Latest Period

NEW YORK — M-1, the narrowest measure of the U.S. money supply, fell \$3.7 billion to a seasonally adjusted \$753.7 billion in the week ending Oct. 12, the Federal Reserve reported Thursday. The previous week's M-1 level was revised to \$757.4 billion, while the four-week moving average of M-1 rose to \$751.1 billion from \$750.9 billion. M-1, the most basic measure, includes cash in circulation and checking accounts and non-bank traveler's checks. The average forecast of economists polled by Reuters was that M-1 would fall \$3.4 billion in the latest reporting week.

For Commodity Traders. A Week Like No Other

By William E. Schmidt, New York Times Service. CHICAGO — Herbert Malkin has had trouble sleeping this week. He woke up at 3 A.M. Tuesday and at 4 A.M. Wednesday, worried whether the trades he had made the day before on the floor of the Chicago Mercantile Exchange would hold up in the morning. "You're scared all the time," said Mr. Malkin, a 51-year-old independent trader who has worked the exchange here for 13 years. His voice was hoarse from Wednesday's eight hours of shouting buy and sell orders in the trading pit. He said he managed to make it through Wednesday in good financial shape, adding that "all the people you see down here today are the survivors."



Investors shopping for prices at Fidelity Investments, a commodities firm, on Park Avenue in New York City.

FRAGILE: Apprehension Level Still Sky-High on Street

(Continued from Page 1) Groveman, chief equity trader at Ladenburg Thalmann & Co. Many analysts actually expressed concern about the market's regaining all its losses too quickly. A climb straight up, they reasoned, sets the stage for another collapse because it takes pressure off policy makers to address the budget deficit, considered by many the chief culprit behind Monday's drop. Given this predisposition to believe the worst about the market, what happened in the first half-hour of trading Thursday came as no surprise to many experts. Rumors swept through the market that Robert R. Prechter, the well-known market timer, said the mar-

TOLL: Traders Are Left Frazzled

(Continued from first finance page) going on around them, and their tendency is to withdraw and stop calling their clients," said Michael Howe, research director at Butcher & Singer. "So we have put on a concerted effort to make our older brokers, who are emulated by the younger ones, aware that there is this tendency for paralysis," he said, "and they are egging the younger brokers on to keep at their job." Perrin Long, a veteran market analyst, noted that more than 50 percent of the nation's brokers have only been brokers since 1980 and that until this month, there had been only one downturn of notable magnitude — in 1984. "So, it's no wonder they are immobilized," he said.

Thursday's OTC Prices. NASDAQ prices as of 3 P.M. New York time. Via The Associated Press.

Table A: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table B: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table C: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table D: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table E: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table F: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table G: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table H: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table I: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table J: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table K: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table L: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table M: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table N: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table O: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table P: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table Q: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table R: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table S: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table T: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table U: OTC prices for various stocks including ABB, ABB, ABB, etc.

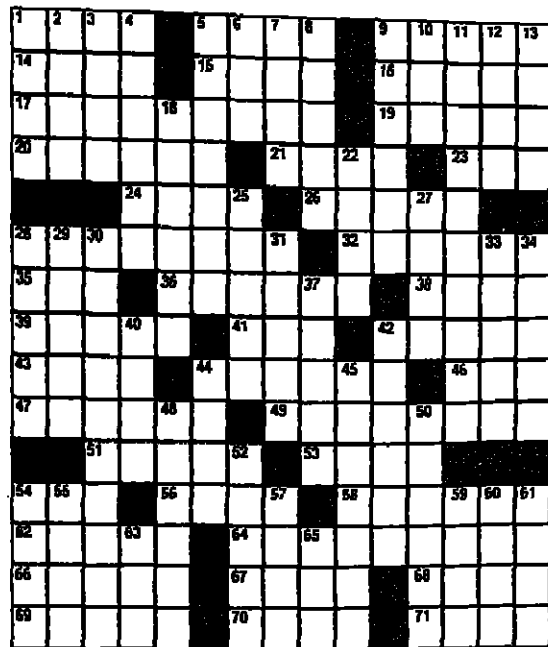
Table V: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table W-X-Y-Z: OTC prices for various stocks including ABB, ABB, ABB, etc.

Table AA: OTC prices for various stocks including ABB, ABB, ABB, etc.

Thursday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table V: AMEX closing prices for various stocks including ABB, ABB, ABB, etc.



ACROSS

1 Fish or cut this
5 Dada, for one
9 Like a triforme
14 ... take
15 Kind of rug
16 *Indy 500*
winner: 1983
17 HEADLESS
HORSEMAN
19 Intelligence
man
20 Main or mill
follower
21 Hoarfrost
22 Stat. for Roger
McDowell
24 Site of ancient
Olympic
games
26 Ictical mass
28 Made melon-
chips
32 Harry Warren
son: 1942
35 Stout
38 Approached
39 Autocrat
39 Blow one's own
horn
41 Sesame
42 "Semper
parvulis," e.g.
43 Sweet was his
sultanate
44 Beginner
46 Bud's comedy
partner
47 Stick fast
49 Greedy

DOWN

1 Single of
digs
2 In ... (mired
in routine)
3 Roman way
4 Go
5 Red color
6 Alford's
canton
7 Albany's
father-in-law
8 Ancient city
of Egypt
9 A Sitwell
10 Black cuckoo
11 TOPLESS
DANCE
12 At any time

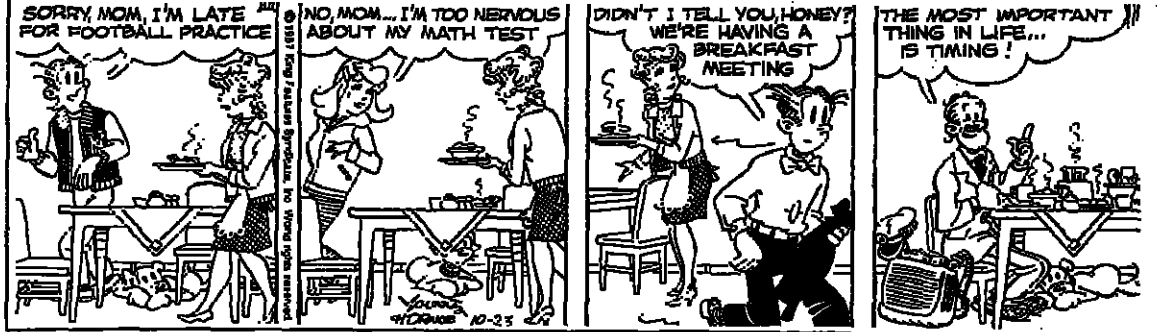
13 Kind of bank
18 Special ability
22 Western lake
25 Former treaty
or
27 Voice range
28 Native-born
Israeli
29 Vocally
30 BOTTOM-
LESS PIT
31 Shot for Tway
33 Squelched
34 Dolly Varden,
e.g.
37 Beethoven's
"Für ..."
40 Noah's eldest
42 Corporate
union
44 Diamond of
rock
45 Fruit for jelly
48 "Phidias"
dramatist
50 Crustacean
with seven
pairs of legs
52 Weeper
53 proverbially
54 Second of a
Latin trio
57 Conciliatory
one
59 "Windsor
Forest" poet
60 Flock group
61 Turtle chaser
63 Koppel or
Turner
65 Galt article

© New York Times, edited by Eugene Malachuk.

PEANUTS



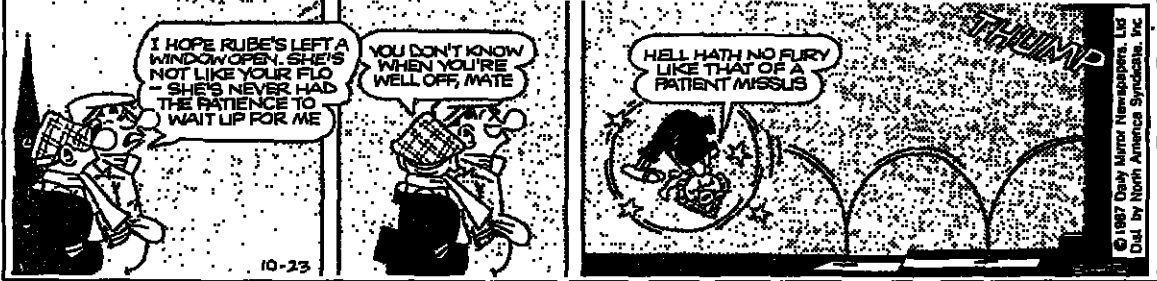
BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



DENNIS THE MENACE

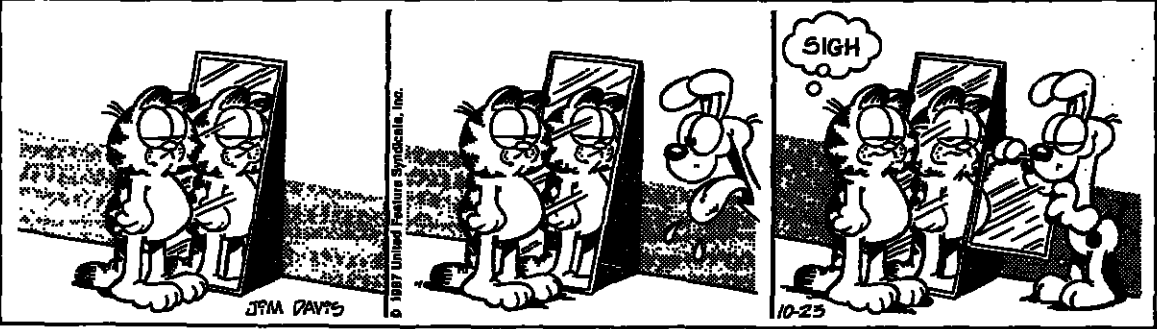


WHEN I GROW UP, I'M GOING TO MARRY A NEWSPAPER MAN. FIRST YA BETTER MAKE SURE HE KNOWS HOW TO HIT THE PORT.

REX MORGAN



GARFIELD



BOOK BRIEFS

IN THE JAWS OF HISTORY. By *Bui Diem* with *David Chanoff*. Houghton Mifflin, 2 Park Street, Boston, Mass. 02108.

The title of this book really should be "How a big power treated a little client country so cavalierly and, in the end, so brutally, or least that's the way I feel about it and here's my life story as evidence." If you wonder what the United States is doing today in Nicaragua or the Gulf or somewhere else, you'll find this book both intriguing and troubling. For the longtime clash between American idealism and American geopolitics has had, and still has, general application far beyond Vietnam, no matter what administration is in power in Washington.

The voice of authenticity is here: this is a proud man, an honest man now as long as he tells us his story, not just Vietnam's. He is Bui Diem, descended from three generations of mandarins under French colonial rule, a person who preferred the backstage to the foot- light and one who yearned for national freedom from autocratic rulers, domestic as well as foreigners (Chinese, French, Japanese, Americans). Yet he ended up living his 90-year-old mother and his sister to American exile just before the fall of Saigon to the armed ideologues of the North. Diem was chief of staff to the prime minister when Lyndon Johnson landed the Marines in 1965, South Vietnam's ambassador to Washington 1967-72 and finally by envoy-at-large until 1975. It was an American-Vietnamese "ill-fated symbiosis," Diem writes. And probably this is the best evidence yet of why.

(Chalmers M. Roberts, WP)

COYOTES: A Journey Through the Secret World of America's Illegal Aliens. By *Ted Conover*. Vintage Departures/Rancho House, 201 East 50th Street, New York, N.Y. 10022.

The title of Ted Conover's absorbing new book is really something of a misnomer, for "coyotes" refers to the smugglers who ferry Mexican workers across the border for a few hundred dollars. "They can get you for five hundred dollars," says one informant. "San Antonio." Four hundred fifty. L.A., seven hundred dollars. The real heroes of this volume are the clients of these coyotes — known in border slang as "pollos," or their chickens. In Conover's sharply observed and sympathetic account, these pollos — who risk arrest, injury and even death to find work in the United States — emerge not as illegal aliens but as immigrants, much like preceding generations of workers who have endured all manner of hardship and sacrifice simply for the opportunity to chase the American dream.

The author of an earlier book on railroad hoboes ("Rolling Nowhere"), Conover set out to try to tell the story of these farm workers from their point of view. Toward that end, he spent a year (1984-85) traveling and hanging out with them. He crossed and recrossed the border, disguised as a Mexican, and even did a stint as a coyote. He worked alongside Mexican laborers in the citrus orchards of Arizona and Florida, where he learned the rigors of working 65 to 70 hours a week, filling sacks (each 80-pound bag of lemons brought in \$1.15; each bag of oranges, 63 cents). And he also journeyed to central Mexico to visit his colleagues' hometowns and to speak with the women and children they left behind.

Conover combines a sociologist's eye for detail with a novelist's sense of drama and compassion; and as one of the principal characters in the story, he is able to turn his own observations and reactions into a kind of index of the cultural differences between Mexico and the United States. His aim is simply to show the "human side of the men and women" that the Immigration and Naturalization Service arrests, and in that he has definitely succeeded.

(Michiko Kakutani, NYT)

FORTY STORIES. By *Donald Barthelme*. The Putnam Publishing Group Inc., 200 Madison Avenue, New York, N.Y. 10016.

"Forty Stories" is a collection that comprises 1987's "Sixty Stories," although there is a handful of stories here that could have been included in the earlier book but were omitted at the author's discretion. It hardly matters, since the stories of the present volume insist on being read as extensions of the earlier book, and none of them can be intelligently read as discrete examples of the author's talents. This

Solution to Previous Puzzle

F	I	J	I	D	O	N	A	R	C	O	R	A
A	D	A	R	E	P	O	D	E	O	M	E	N
M	O	C	K	M	A	R	I	A	R	A	N	T
E	L	K	J	O	H	N	N	C	E	N	R	O
K	N	O	T	T	S	E						
M	A	R	I	N	E	T	R	I	S	T	A	N
O	R	A	L	S	L	E	A	V	E	R	E	T
D	E	M	E	K	A	T	T	I	E	M	O	
E	N	E	D	I	N	E	P	S	H	A	W	
G	I	A	R	D	I	N	E	S	A	L	I	T
S	A	L	I	N	E	C	I	E	R			
D	O	N	A	L	B	J	O	D	G	E	P	T
A	L	O	R	L	O	N	A	S	E	A		
W	I	N	O	M	A	N	T	S	H	A	M	
S	O	O	N	S	T	A	E	L	P	E	R	E

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BRIDGE

By Alan Truscott

The defending champions in the Venice Trophy contest for women's teams is missing from this year's world championships in Ocho Rios, Jamaica. The British team that won two years ago in São Paulo, Brazil, failed to qualify in the European championships, and that zone will be represented by France and Italy.

On the diagrammed deal, the French defenders, Bénédicte Cromier and Hélène Bordenave, took advantage of an error by the declarer in a contract of three no-trump. The three-club bid by North was not Stayman, but Baron, calling for the opener to bid his suits "up the line." Three no-trump therefore showed at least four clubs, and denied length in the other three suits.

In spite of this information, West led the club five since this was unlikely to give South any help. Dummy played low and

South needed three of the last five tricks, and could still have led a diamond successfully. But she thought that she could wait a little longer with that play and tried another heart. Now Bordenave was able to discard her diamond ace, a simplified version of the Emperor's Coup. This promoted the ten in the East hand, and the contract became unmakeable.

WEST
♠ K 7 10 4
♥ A 5 3
♦ K 9 4 3
♣ Q 8 2

EAST
♠ 7 8 5 2
♥ Q 10 6 3
♦ J 8 7
♣ A K 8 7

Both sides were vulnerable. The bidding:

North	South
♠ 1	♠ 1
♥ 2	♥ 2
♦ 3	♦ 3
♣ 4	♣ 4
♠ 5	♠ 5
♥ 6	♥ 6
♦ 7	♦ 7
♣ 8	♣ 8
♠ 9	♠ 9
♥ 10	♥ 10
♦ 11	♦ 11
♣ 12	♣ 12
♠ 13	♠ 13
♥ 14	♥ 14
♦ 15	♦ 15
♣ 16	♣ 16
♠ 17	♠ 17
♥ 18	♥ 18
♦ 19	♦ 19
♣ 20	♣ 20
♠ 21	♠ 21
♥ 22	♥ 22
♦ 23	♦ 23
♣ 24	♣ 24
♠ 25	♠ 25
♥ 26	♥ 26
♦ 27	♦ 27
♣ 28	♣ 28
♠ 29	♠ 29
♥ 30	♥ 30
♦ 31	♦ 31
♣ 32	♣ 32
♠ 33	♠ 33
♥ 34	♥ 34
♦ 35	♦ 35
♣ 36	♣ 36
♠ 37	♠ 37
♥ 38	♥ 38
♦ 39	♦ 39
♣ 40	♣ 40
♠ 41	♠ 41
♥ 42	♥ 42
♦ 43	♦ 43
♣ 44	♣ 44
♠ 45	♠ 45
♥ 46	♥ 46
♦ 47	♦ 47
♣ 48	♣ 48
♠ 49	♠ 49
♥ 50	♥ 50
♦ 51	♦ 51
♣ 52	♣ 52
♠ 53	♠ 53
♥ 54	♥ 54
♦ 55	♦ 55
♣ 56	♣ 56
♠ 57	♠ 57
♥ 58	♥ 58
♦ 59	♦ 59
♣ 60	♣ 60
♠ 61	♠ 61
♥ 62	♥ 62
♦ 63	♦ 63
♣ 64	♣ 64
♠ 65	♠ 65
♥ 66	♥ 66
♦ 67	♦ 67
♣ 68	♣ 68
♠ 69	♠ 69
♥ 70	♥ 70
♦ 71	♦ 71
♣ 72	♣ 72
♠ 73	♠ 73
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♣ 84	♣ 84
♠ 85	♠ 85
♥ 86	♥ 86
♦ 87	♦ 87
♣ 88	♣ 88
♠ 89	♠ 89
♥ 90	♥ 90
♦ 91	♦ 91
♣ 92	♣ 92
♠ 93	♠ 93
♥ 94	♥ 94
♦ 95	♦ 95
♣ 96	♣ 96
♠ 97	♠ 97
♥ 98	♥ 98
♦ 99	♦ 99
♣ 100	♣ 100

JUMBLE

Unscramble these four jumbles. One letter to each square to form four ordinary words.

COEMA

TAGOL

BITTID

ZEFRYN

Answer here: (Answers tomorrow)

WEATHER

EUROPE				ASIA				NORTH AMERICA			
City	H	F	C	City	H	F	C	City	H	F	C
Amsterdam	15	59	15	Bangkok	32	90	32	Los Angeles	61	45	53
London	13	55	13	Hong Kong	27	81	27	New York	57	41	49
Paris	12	54	12	Manila	28	82	28	Chicago	50	32	40
Berlin	10	50	10	Seoul	15	59	15	San Francisco	48	36	44
Brussels	10	50	10	Taipei	20	68	20	Seattle	45	29	37
Rome	14	57	14	Tokyo	16	61	16	Portland	42	28	36
Madrid	10	50	10					Denver	38	30	38
Stockholm	10	50	10					Phoenix	35	27	35
Warsaw	10	50	10					San Diego	32	20	28
Zurich	10	50	10					Las Vegas	30	18	26

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 23.

Market	Index	Change
Amsterdam	3750	+15
Brussels	1610	+10
Frankfurt	2650	+12
London	2750	+18
Madrid	1250	+8
Paris	1250	+10
Stockholm	1150	+5
Zurich	1150	+5

Market Closed

The stock market in Hong Kong was closed Thursday.

N.Y. not quoted; N.A. not available; 20: 20 dividend

Billy, Lou and George: This Could Be Strange

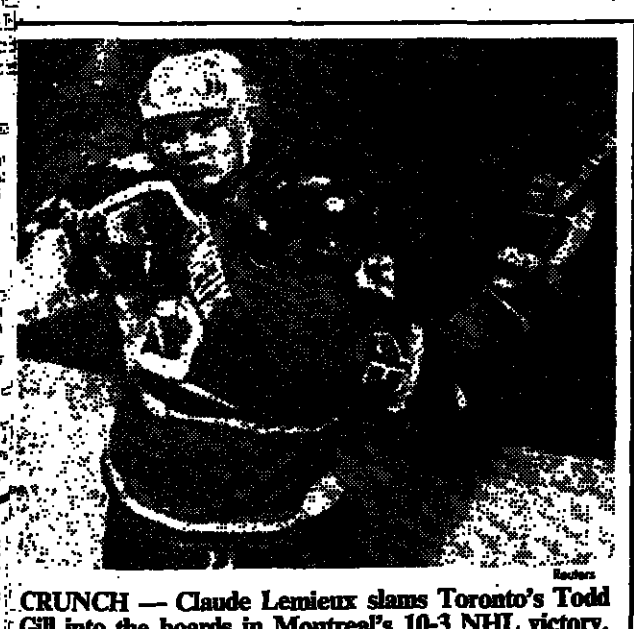
Steinbrenner, His New Manager and GM Aren't Necessarily Made for Each Other

By Murray Chass
New York Times Service
ST. LOUIS — When George Steinbrenner makes changes in the front office, the Yankees' owner usually has a bizarre name...

NEWS ANALYSIS

Steinbrenner spent much of this past season "backstabbing" him in conversations with Steinbrenner. Piniella told everybody that Billy backstabbed him...

Woody Woodward was the latest general manager to endure the owner's special treatment. During the All-Star break in July, Woodward was taking his daughter to Florida State University for early registration...



CRUNCH — Claude Lemieux slams Toronto's Todd Gill into the boards in Montreal's 10-3 NHL victory.

I Was an NFL Scab, Says West Virginian, Proudly

The Associated Press
CHESTER, West Virginia — This peer through his living room window, hoping to get a look at the new coach...

For a month, Huff realized the blue-collar worker's dream — a chance to play pro football. Now he's a displaced replacement...

When I got home Monday after being out, I thought about my contract on business and said, "Do I still do this again?" Football was still so fresh in my mind...

His parents and his co-workers at his Python Construction Co. had the 24-year-old Huff to try for the Pittsburgh Steelers' replacement team...

SPORTS



Tom Lawless, light-hitting St. Louis utility man, clouting a decisive three-run homer in the fourth game of the World Series.

For O-Homer, O-RBI Man, a Second of Immortality

By Thomas Boswell
Washington Post Service
ST. LOUIS — One, two, three, four, five, six, seven, eight casual loving little steps is how many Tom Lawless took toward first base before he fired his bat in the air...

When stars show up their foes, it's his. When Willie McGee had done what Lawless did — the grandstand walk, the bat flip, the bounding, high-stepping trip around the bases...

Everything the Cardinals know how to do, they did this night. In the fifth, as the Twins tried to storm back against old Bob Forsch, the Cardinals threw the kind of leather at 'em that makes people here by the Mississippi wonder if any team has every pursued baseball's adroitness...



Vince Coleman making a diving catch to end the Twins' fifth, stranding two baserunners.

Transition

TORONTO — Exercised his options for 1988 on the contracts of Jimmy Key, pitcher, and Rick Lueck, outfielder. Purchased the contracts of Glenallen Hill, outfielder, from Syracuse...

NEW YORK — Retained Jitter Fields, defensive end; James Harrell and Bob Harris, linebackers; Kelly Goodrum, punter; Doug Hudson and Matt Stevens, quarterbacks; and Rod Jones, tight end...

SCOREBOARD

Baseball

Table with columns for Game, Summary, and Score. Includes World Series Game 4: Minnesota vs St. Louis.

Hockey

NHL Standings

Table showing NHL Standings for various teams including NY Islanders, Boston, and Chicago.

Gymnastics

World Championships

Table showing World Championships results for Women's Team Standings, listing countries like Greece, USSR, and Belgium.

Cardinals Win, 7-2, Squaring Series With Burst of Power

By Joseph Durso
New York Times Service
ST. LOUIS — Outgunned and outscored in the World Series, the St. Louis Cardinals finally found their long-lost striking power...

It was the closest thing to an offense that the Cardinals had generated in 11 postseason games, and it was a dramatic outburst for a team slumping along with injuries...

He was playing third base Wednesday in the World Series only because Terry Pendleton strained his right side in the final game of the playoff for the National League pennant one week ago...

One out later, Viola walked Vince Coleman and was gone. He had pitched only 3 1/2 innings, which matched his shortest performance of the American League season...

Finally, Joe Niekro, the 42-year-old knuckleballer, appeared in his first World Series game in nearly two decades...

European Soccer

INTERNATIONAL CLASSIFIED (Continued from Back Page)
Includes sections for ESCORTS & GUIDES, ARISTOCATS, GENEVA ESCORT, REGENCY NY, LONDON BELGRAVIA, MAYFAIR CLUB, CAPRICE-NY, and ATTACHE ESCORT SERVICE.

POSTCARD

Seoul's Pre-Olympic Air

By Fred Hiatt
Washington Post Service
SEoul — It takes a visitor no time at all to see that Seoul is no longer the struggling capital of a desperately poor Third World country.

At dusk in Seoul, as in many Asian cities, the street stalls appear, offering dumplings or shellfish under a naked light bulb. In this city of drill bits and hard work, though, some of the stalls offer more: a 19-inch Samsung or Goldstar color television to entertain patrons as they slurp their noodles.

At dusk in Seoul, as in many Asian cities, the street stalls appear, offering dumplings or shellfish under a naked light bulb. In this city of drill bits and hard work, though, some of the stalls offer more: a 19-inch Samsung or Goldstar color television to entertain patrons as they slurp their noodles.

at least for now, are the wall posters that chronicled South Korea's peculiar mix of ritual and rebellion, the posters that urged mass revolution while cautioning protesters not to interfere with pedestrians. The tear gas no longer lingers in the dust, and while there is no evident bitterness, there is no euphoria, either. Koreans have had their hopes raised before, only to have military coups dash them.

SEoul, of course, is to be host to the September 1988 Olympic Games, and the city has prepared for the occasion with single-minded pride and devotion. Stadiums and dormitories, highways and subway systems have been constructed well ahead of schedule for what South Korea views as its debut among developed nations.

Rumors circulated that Seoul's soccer players had refused to play all-out unless they received bonuses, or at least exemptions from the military draft; their coach denied it. The local press did find a bright spot: North Korea, with two bronze medals, finished slightly behind the Republic of Korea. The athletes, in the great Korean tradition, vowed to work twice as hard from now on.

Brodsky: A Poet's Language

By David Remnick
Washington Post Service

NEW YORK — Only those Russians who have read Joseph Brodsky's books in underground editions or attended his legendary readings in the communal apartments of Leningrad before the government exiled him 15 years ago as a "social parasite" know the unique pitch of his voice and his turn of mind, his "Elegy for John Donne" and "Lullaby of Cape Cod."



Brodsky (right) hugs his publisher, Roger Strauss, on hearing news of winning the Nobel Prize in Literature.

are dead. Brodsky would like to see a few friends from Leningrad but "quite frankly I'd rather they came here to see me." "I don't believe in that country any longer. I'm not interested. I'm writing in the language, and I like the language... When Thomas Mann arrived in California from Germany, they asked him about German literature. And he said, 'German literature is where I am.' It's really a big grand, but if a German can afford it, I can afford it."

He worked as a stoker, a photographer, a sailor, as a geologist's assistant. He worked with the dead. "I had this fantasy of becoming a neurosurgeon. You know, the normal Jewish boy fantasy, but I wanted to be a neurosurgeon for some reason. So I started in this unpleasant way. I was an assistant to the coroner, opening up corpses, taking the brains out."

He is famous in New York not only as a poet, but as a romancer and a literary celebrity not-quite-in-spite-of-himself. He can be helpful to his emigre friends, but he can play nasty politics, too, recommending that a publisher not bother with Vasily Aksyonov's novel, "The Ban."

PEOPLE
Audrey Hepburn Fêted

A glittery gathering of stars, socialites and royalty gathered to honor Audrey Hepburn at a black-tie tribute at the Museum of Modern Art in New York. Wednesday's dinner, which included highlights of the 58-year-old actress's film career, benefited the museum's Film Preservation Fund, which supports the restoration, care and storage of 9,000 films in its archives.

Sept. 16, leading tabloid newspapers to speculate the marriage was in trouble. Buckingham Palace has refused comment, but friends of the royal couple have been quoted as saying the marriage is strong. After the tour, the Prince of Wales returned to the royal family's Windsor estate in Scotland and Diana moved to London for a charity event. . . . Twenty-three years after their last visit in Quebec triggered separatist protests, Queen Elizabeth and Prince Philip arrived for an official visit in the provincial capital. The royal couple were greeted at the airport by Premier Robert Bourassa and Lieutenant Governor Gilles Lamontagne on the final stop of a 16-day tour of Canada. The queen's visit to Quebec City is her first since 1964, when police clubbed separatist demonstrators in an incident known as "Trouche Saturday."

Jack Lemmon, whose roles have ranged from the slappstick of "Some Like It Hot" to the drama of "Save the Tiger," was named Wednesday as the recipient of the American Film Institute's Life Achievement Award. Lemmon, 62, will receive the award during a televised ceremony March 10 in Los Angeles.

The polyester craze that put clammy, clinging no-iron shirts on many an American back in the 1970s has made it to the nostalgia class. "I sometimes wonder when I look at these things who would ever have enough nerve to wear them," said Jeff Erick, a graphic artist who owns most of the 200 shirts that go on exhibit Friday at the Museum of Modern Mythology in San Francisco. The shirts include some of the kitschiest designs ever to appear on fabric, including reiterations of Disney characters in works of art like "Blue Boy" and "Whistler's Mother." Erick, 35, said he began collecting polyester shirts two years ago. "I tried to think of something nobody else cared about."

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE
Appears on page 6

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HAPPY BIRTHDAY Lee. Sorry you couldn't come, Fredrick, Marlene and Emily.

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